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P R O C E E D I N G S

OF THE

SELECT COMMITTEE APPOINTED BY THE
LEGISLATURE OF THE PROVINCE OF ONTARIO,
TO ENQUIRE INTO AND REPORT UPON MATTER
IN CONNECTION WITH TOLL ROADS IN THE
PROVINCE.

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

Mr. D. J. Collins, Secretary.

VOLUME IX

Thursday, November 24th, 1955.

Toronto, Ontario.

N I N T H D A Y

Toronto, Ontario,
Thursday, November 24th, 1955,
10:00 o'clock, a.m.

The further proceedings of this Committee
reconvened pursuant to adjournment.

PRESENT:

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

Messrs. Auld,

Child,

Root,

Mackenzie,

Yaremko, Q.C.,

Manley,

Reaume,

MacDonald,

Jolley,

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. W. Q. Macnee, Traffic Engineer, Department
of Highways, Ontario.

Mr. John R. Walker, Traffic Engineer, Parking
Authority, Toronto.

Mr. R. Burton, City Traffic Engineer, Toronto.

Mr. R. J. Desjardin, Traffic Engineer,
Metropolitan Toronto.

Mr. S. Cass, Metropolitan Traffic
Engineer, Toronto.

The above four gentlemen represented the
Ontario Traffic Conference.

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THE CHAIRMAN: Gentlemen, we have a quorum, so
the meeting will please come to order.

We have with us this morning, the Ontario
Traffic Conference, and there are members of that
organization here, and I would like to introduce them
to the members of the Committee.

First, is Mr. Burton, Traffic Engineer for
the city of Toronto; Mr. Walker, Traffic Engineer of
the Parking Authority, Mr. Desjardin, Traffic Engineer,
Metropolitan Toronto, and Mr. Cass, the Metropolitan
Traffic Engineer.

Our usual procedure, if it meets with your
approval, is this; I presume one of you will present
the brief, and may we feel free to comment as we go
along, or to break in and ask questions if any should
occur to any member of the Committee?

We will attempt to turn this into a general
discussion, as we have found that is more valuable from

our point of view, and we trust that procedure will meet with your approval.

MR. WALKER: That is perfectly in order, Mr. Chairman, and I will ask Mr. R. J. Desjardin, our Traffic Engineer, to present the brief.

R. J. DESJARDIN,

Traffic Engineer, Metropolitan Toronto, speaking on behalf of the Ontario Traffic Conference, but not being sworn, deposes and says:

BY THE CHAIRMAN:

Q. Will you proceed, Mr. Desjardin, whenever you are ready?

A. Mr. Chairman and members of the Select Committee: the Ontario Traffic Conference wishes to express its sincere appreciation for this opportunity of presenting its views to the Select Committee on Toll Roads.

Q. Mr. Desjardin, if I may interrupt, would you just explain who you are?

A. The Ontario Traffic Conference is an Association of municipal officials who are striving for the improvement of traffic conditions, and traffic safety in the municipalities of Ontario.

We have been together now for about seven years,

and have applied for a Charter from the provincial government.

We have a Board of Directors, and hold conferences annually.

The Conference has appointed a special Committee on toll roads, of which I have the pleasure of being Chairman, and the members of the committee are here with me today, Mr. Walker, Mr. Burton and Mr. Cass.

The Conference has several committees which are studying various stages of traffic in Ontario, and from time to time they make submissions to the Ontario Department of Highways on various phases of traffic operation, and the geometric design of highways.

It is a pleasure at this time to be afforded the opportunity of presenting a brief of our views on toll roads.

We respectfully submit the following brief:

(page 641 follows)

1. The Ontario Traffic Conference strongly urges an accelerated road construction programme of controlled access highways in Ontario which promotes the aims of the Ontario Traffic Conference for improvement of traffic conditions and traffic safety in municipalities of Ontario.

2. It is our considered opinion that there are two major basic justifications in charging tolls for roads:

- (a) The portion of population who are served by a premium type of road should expect to pay a premium for benefits derived.
- (b) It may be necessary to support the financial structure required to construct an accelerated programme of controlled access highways.

3. The Ontario Traffic Conference endorses the principle that the Federal Government should substantially contribute financially towards this highway construction programme.

4. From available information it seems to us that the only locations where traffic volumes might support toll roads are:

- (a) The Queen Elizabeth Way.
- (b) Highway No. 400.
- (c) Highway No. 401.
- (d) Fort Erie to Windsor.

This raises the question of whether existing controlled access highways should be converted to toll roads and the revenues used to forward additional highway improvements elsewhere, otherwise it is doubtful if a toll road could be supported in competition with the present free controlled-access highways for some years to come. This would leave the Windsor-Fort Erie situation as the most practical toll road route.

5. If the Select Committee is to recommend that toll roads be operated in the Province of Ontario, the Ontario Traffic Conference urges that the Ontario Department of Highways continues its active programme of highway development with special emphasis that adequate free roads would parallel toll routes.

6. We would like to bring to your attention that in any toll road design considerations special emphasis be given to access and egress locations and access and egress roads. Such locations should be determined only by agreement with Traffic, Road and Planning Authorities of the municipalities affected.

7. A strict enforcement of traffic regulations on any proposed toll road should be under the control of Provincial police or a special enforcement agency and not by police of local municipalities through which toll roads may pass.

8. It is recommended the design standard for toll roads will be for high-speed operation but with the understanding that speed limits suitable for the average driver will be imposed.

THE CHAIRMAN: Thank you, gentlemen. There will be some questions as soon as we have digested your brief.

I noticed throughout that your basic idea seems to be there should be freeways paralleling toll roads?

THE WITNESS: No, not freeways.

BY THE CHAIRMAN:

Q. Well, free roads?

A. Yes, free roads.

Q. Your idea is they will be more in the nature of the local roads, and not a controlled-access road?

A. Oh, quite, yes.

BY MR. CHILD:

Q. Does your Association favour Highway No. 401 as a toll road? You mentioned a road from Buffalo to Fort Erie.

A. No. We are suggesting there is no volume sufficient on those roads at this time, as we understand, to pay for a toll road. You cannot build an additional toll road in competition with a controlled-access highway. That is the point.

And you will have to consider whether that shall be a toll road.

Q. From Windsor to Fort Erie, 401 would have to be a toll road.

BY MR. AULD:

Q. Are you suggesting there be a direct route from Windsor to Fort Erie, or tie it in with Highway No. 401 through London?

A. I understand that Highway No. 401 goes from Toronto to London, and there is an additional road from London to Buffalo.

MR. BURTON: The only thing is from Windsor to somewhere around St. Thomas, or in the London area, you could use one joint road, but from there on you could follow roughly Highway No. 3.

MR. CHILD: That would have to be a spur or link between Fort Erie and London, and using 401 from there on, as a toll road.

MR. BURTON: You have immediately put your finger on the whole issue. That is the difficult part of it. If you are going to make 401 a toll road from Windsor to London, can you make it a free road from London to Toronto, or Toronto to Montreal, or Toronto to Barrie? Can you have a free way on such a road as the Barrie Highway, and then tell the people they

will have to pay toll on the other road?

It seems to me that is a matter of high government policy.

THE CHAIRMAN: I think it is a matter of great interest to this Committee, and we are certainly interested in your opinions.

MR. BURTON: We have tried to point out you cannot build another controlled-access highway between Lake Simcoe and the north country, and leave the other roads free.

MR. MacDONALD: Supposing you were sitting in the seat of government; would you consider a freeway, such as Highway No. 400, and plan another road which would be a toll road?

MR. BURTON: If you could meet the conditions of a toll road, I think it would be very desirable to do that. That is why we threw in this thing about "Federal Aid". We think the situation is so acute that it will need some financial resources.

THE CHAIRMAN: I agree with you, but I think you are running up a blind alley if you expect this province to get any help from the Federal government, other than for the Trans-Canada Highway.

MR. BURTON: We have had panel discussions on this question with such people as the Canadian Good Roads

Association sitting in, and there has been a certain amount of agreement on that point.

I think, myself, that sooner or later, it is inevitable -- although it may not be for some years to come -- that the Federal government will find, to keep its commerce rolling, it will have to take an interest in the highways, the same as in the railroads and the Seaway.

What scheme will be worked out in the future is something to be arrived at, but sooner or later I think the situation is inevitable.

We see the situation around Toronto, and if we did not get a 50 percent. grant from the Metropolitan Road System for the Toronto area, we would be completely stopped.

The Federal government is building the Seaway at a cost of several hundred millions of dollars, and when that is completed, shipping will land in Toronto and the trucks will start rolling out into western or northern Ontario, or wherever they will go, and then we will be faced with the situation of having to transport the stuff.

I am not here as an official of the city of Toronto; I am not representing the city's views, but it is written in the city policy, and every opportunity

should be taken to promote the idea of Federal aid for highways, because of this situation.

MR. MANLEY: You would not like to see the port moved from Toronto?

MR. BURTON: No, and I do not think it could be moved. If there is economic justification for moving it, it will probably be moved sometime, but the way factories are developing in this area, it will not be moved, and the same conditions may apply in other sections.

MR. MACKENZIE: Do you propose to make Highway No. 401 a toll road over its entire length, including the by-pass around the city of Toronto?

MR. BURTON: I do not think it is practicable. I think you will have to start west of Highway No. 27, and meet at the Rouge River, or someplace down there, on Highway No. 401.

There are too many interchanges, and that is where you are picking up traffic to go on this highway or off of it, and it will be difficult to collect tolls at all these points.

MR. MacDONALD: Would you favour the project of Highway 401, throughout the rest of its route, being a toll road?

MR. BURTON: I think if it could be constructed

as a freeway, so much the better.

MR. MacDONALD: Mr. Chairman, I think Mr. Burton is "begging" the question. He knows our problem is to get finances for roads here, and this is the only main road which would pay for itself.

THE CHAIRMAN: Let Mr. Burton answer the question. I think an answer was forthcoming when you interrupted him.

MR. BURTON: I am in a bit of a "spot" here, in that it has never been discussed by the full Conference.

This committee was set up because we were invited here, and we cannot speak without the full approval of the Conference.

We were authorized by the Board of Directors to formulate this brief, and we discussed it with the President and several of the Directors, and they were all in agreement.

But to say that the Traffic Conference is in favour of making Highway No. 401 a toll road; I do not think we are justified in saying that, because it has not the approval of the Conference as a whole.

But we want to point out that the financial need is such that it is justified.

MR. REAUME: If, after the appointment of an

expert, -- and I suppose we will get down to the stage in the game some time soon where we will have to get some people who actually know something about this business -- however, we have this traffic, and by taking over a portion of Highway No. 401 and making it a toll road, and then building the extension into Fort Erie for this traffic beyond, I do not doubt but that the province can get this road and let the other people pay for it, without hindering or harming the credit of the province; in other words, without the province putting up any money for the building of the road, but the road is there now, and I do not believe any sane people in the province would argue against making a deal of that sort.

I think no one could or should feel hurt.

Where you are building a highway to a great extent for people from a foreign country who are coming over here, travelling from one point to another, and paying the toll, and in that way helping the province to build a road, I do not think this Conference would go on record as being opposed to a thing of that sort.

MR. BURTON: That is right, as far as this Fort Erie-Windsor situation is concerned

I think most of the people here were over at Pittsburgh at the recent conference of the Institute of Traffic Engineers, and certain people of New York

wanted to get on with it, and provide for the funds.

There was some conversation about it down there.

MR. REAUME: In other words, you people here have the idea of building a toll road from Windsor to Fort Erie?

MR. BURTON: That is the natural situation for a toll road, because you have No. 3 Highway which will take care of anybody who does not want to pay toll. It has been there for a number of years. It winds around a bit, and may be a little slower than on a controlled-access highway running straight through. But it is there, if anybody wants to use it.

All these trucks are going to have the right to travel where they can go right ahead in bond from Fort Erie to Windsor, and vice versa. That is natural.

But when it comes to Highway No. 401, that is where the situation becomes difficult.

MR. CHILD: Is not the effect of the last paragraph of your brief, in effect, that Highway No. 401 would have to be a toll road? You say, in the fourth paragraph:

"It is doubtful if a toll road could be supported in competition with the present free controlled-access highways for some years to come."

You would not build a toll road in competition with Highway No. 401?

MR. BURTON: Yes, as far as London, anyway.

MR. CHILD: And you support Highway No. 401 to London as a toll road?

MR. BURTON: It is inevitable. If you make it a toll road, you will have to make it all toll road. If you do not, how are you going to make it a toll road from London to Toronto, and then free from Toronto to Montreal?

THE CHAIRMAN: You are proceeding on the basis that it should be either all a toll road, or not a toll road at all? Do you think it possible to compromise for a portion of it as a freeway, and a portion of it as a toll road?

MR. BURTON: Well, I do not know.

THE CHAIRMAN: I think your suggestion is contained in the first paragraph. You say:

"The Ontario Traffic Conference strongly urges an accelerated road-construction programme of controlled-access highways in Ontario".

Your point is if we have to build toll roads, they should be toll roads? Is that your position?

MR. BURTON: Yes.

THE CHAIRMAN: And you think we need highways, and have to have them, regardless of how they are financed?

MR. BURTON: I think it would be conceivably possible to take your highways No. 27 and No. 11, and add additional streets like Bathurst Street and Dufferin Street, and make them four or six-lane roads with all the conveniences, and you could even have those highways to move the people up to Lake Simcoe and into the summer resort areas, or wherever they want to go.

If you put the Barrie Highway in there, you are giving the people a premium highway if they want to go to Collingwood, for instance, and we think that is the main justification for charging tolls, that certain people are privileged, and should be willing to pay for it.

THE CHAIRMAN: As a convenience, I suppose they could use 401 from London, or some other road if they desired.

MR. BURTON: Yes.

MR. ROOT: You raised the question of whether a free highway should be converted to a toll road. To me, that is an important question. Do you think that all of the existing highways ought to be toll roads?

MR. BURTON: You can follow that to a long-range point. If you could sit down and figure all the controlled-access roads you will need thirty or forty years from now, and put it all on paper, and figure

out how you will build them, and where you will build them, and how they will be financed, and how you could retire the bonds which they have issued, you will come to the conclusion that they all be toll roads to start with, and when the whole system is built, they will become free roads, because everybody will be served by high-quality roads.

Do I make my point clear?

MR. ROOT: This Committee will have to make a recommendation of what we think. I am very interested in the fact that you have raised this question, because controlled-access highways are safer -- we know that. We know they are safer at higher speeds. We know the grades are cut, and they are more economical to drive on, and certain areas of the province have premium roads free.

But are you going to start a toll on the road between Windsor and Buffalo, and say "You are different from the people in Toronto, you will have to pay a toll"?

MR. BURTON: That is the crux of the whole thing. If it is necessary, it should be done, but if it is undesirable --

MR. REAUME: It is the same pattern which has been followed in several of the states in the United States,

where they have gone into this business of toll roads.

You have to start at some place.

MR. AULD: I believe in certain places in the United States, they have started to build high-standard roads, but they had Federal aid, and are prohibited tolls, in some sections.

They did not have the funds themselves, so it was necessary for them to collect tolls.

We do not have that situation here, except insofar as the Trans-Canada Highway is concerned.

MR. REAUME: Not as far as Federal aid is concerned.

MR. CHILD: The traffic from a safety point of view, in which you people are interested, may be a good point, but how would you suggest the Queen Elizabeth Way could ever be made into a toll road, with the number of accesses you have on it?

As a matter of fact, between Burlington and Highway No. 27, you have about 125 entrances on one side of the road alone.

MR. BURTON: I believe these entrances are to be very materially trimmed down. If you make it a toll road, you will have to cut off a great many of these accesses and provide other roads.

MR. REAUME: Even if they do not make them

toll roads.

MR. CHILD: They will cut off thirteen, but how will you cut off the other hundred or so which are there?

On both sides of the highway, you can see there are close to 250 entrances which farmers and property owners are using as municipal roads and lanes.

In order to make that a toll road, all of this would have to be considered.

MR. ROOT: Could you avoid it -- that is, doing away with the service roads?

MR. BURTON: The same as they have on the Dixie road.

MR. AULD: That brings up the point that the Queen Elizabeth Way at the present time is not a controlled-access highway.

MR. CHILD: It is a limited-access highway. I think that is the proper term.

MR. AULD: It is being salvaged to a great extent.

MR. BURTON: From Hamilton to Niagara Falls a and Fort Erie, it is / much more controlled-access road. Between here and Hamilton, maybe the traffic would warrant another toll road here, and the people would pay toll to get away from the Queen Elizabeth. That road is

becoming very badly crowded.

MR. AULD: It might be cheaper to do that.

MR. ROOT: The reason I raised the question was, that Toronto at the present time is going to be on the St. Lawrence Seaway, and the ships will be unloading here.

MR. BURTON: Yes.

MR. ROOT: If Toronto has a system of controlled-access highways running out of Toronto, where will the shipping go? If the Windsor-Fort Erie road is built, Toronto will be in no better position --

MR. REAUME: I do not know about that.

THE CHAIRMAN: Just a moment; one at a time, please.

MR. ROOT: Do you think that it is fair that all controlled-access highways should be toll roads?

MR. BURTON: I think it is inevitably coming close to the situation that from Windsor to Fort Erie, is a special situation, because you are handling a great deal of foreign traffic across a piece of Canada, and people will pay for the privilege, if they want to use the high-speed through road, with a consequent saving in gas, and so forth. They would be buying their gasoline and so forth, in Buffalo, and would not load up again until they got to Detroit.

MR. CHILD: Do you think, where we have a freeway now, with heavy traffic, it would be more desirable to build a toll road?

MR. BURTON: That depends on the volume of traffic.

MR. CHILD: Would it not be better to make another toll road from Hamilton to Toronto, rather than try to increase the facilities of the Queen Elizabeth Way?

MR. BURTON: That requires a great deal of study. I do not think anybody could answer that. The Highway Department may have all kinds of traffic surveys as to what might be necessary in the future. I think you would have to bring a consulting engineer in to examine the whole situation.

MR. CHILD: That is very over-crowded now. What would you gain by making the Queen Elizabeth Way a toll road, and not building another one? Would we not be in the same position, except we would be getting a little revenue.

MR. BURTON: There is another angle on the Queen Elizabeth Way, and that relates to that section between Oakville and Toronto, where there is a tremendous number of people going to and from work. If you built another highway, where would you build it? It might include the Queen Elizabeth between here and Hamilton.

Then you build another road which might be a toll road, and whether that should be done or not, I do not know, even if it is feasible.

MR. WALKER: As the immediate Past-President of the Conference, I think I can assure you on two points.

First, the Conference definitely has no objection to the principle of tolls. Secondly, they are aware of the extremely heavy expenditures made in the past years, and the heavy debenture financing has drained the economy of the province for highway improvements. And, further, for the extension of the highway system at the present time, additional sources of revenue have to be found.

The government is faced with a very difficult political decision, as to whether to extend the system of free highways, or whether it should be confined to fine roads which could provide tolls.

The Barrie Highway, and the greater part of Highway 401 are for the benefit of the citizens-at-large; should you change your policy and recover your capital? I think you are faced with a very difficult decision.

We in the Conference have not been able in convention, to consider that question, so we cannot help you formally. The members of the Conference here

can speak personally as professional traffic people.

They are familiar with every phase involved.

But we cannot represent the Conference, nor can we represent our employees, our municipalities, and so on.

At this point, I will express my personal opinion, and that is you should not fear public opinion as regards tolls. Their time has a real value attached to it, and if in travelling from Toronto to Windsor, they can save one hour, and there is a toll of, say, \$2.00, it probably would be worth \$2.00 to them. I think the citizens at large would attach that aspect to it.

Further -- and as another personal opinion -- I think with the increased population, we have an increased ownership of motor vehicles, and the trend seems to be toward two cars per family. That seems to be the trend, in view of the fact that about thirty years ago, you had one motor vehicle for every 16 people; today you have one for every 3 people, and ten years from now, you may have one for every 2 people.

That is a tremendous number of cars, and there is no end to the facilities you must build to satisfy the demand. I think you will have to have a very expensive toll-road system to attach the safety

factors necessary for the amount of motor vehicles used.

I think you will have to do it in your own economy.

Those are personal opinions, and, as a Conference, I cannot answer the question you would like me to answer, that is, whether we should charge tolls on Highway 401.

You will have to either answer that yourselves, or give us time to put it before the Conference.

THE CHAIRMAN: Thank you. You would be happy to answer any question the Committee would like to ask you, if you can?

MR. WALKER: Yes.

MR. MacDONALD: I think this brief has really brought us to grips with the real issue.

THE CHAIRMAN: I agree we are down to the issue.

MR. MacDONALD: In the last twenty minutes, we have gotten away from the red herring used to avoid coming to grips with the issue, and that was Federal aid.

I agree we should have Federal aid for the highways. I think it will have to come. But in setting our sights toward getting Federal aid, we avoided the whole issue, because I do not think we will get it, and even if we did, we have to face up with the question inherent before all of us, and that is whether we will

have toll roads in some parts of the province, without bringing the present controlled-access highways into the system. That is the \$64. question, and not only that, it is a political time bomb.

MR. REAUME: You always have a political time bomb around here anyway.

If we are coming to the time when we must come to grips with the problem as to whether we will have these roads, have we not reached that point now?

THE CHAIRMAN: We have a good many more organizations who wish to make representations to us, I, for one, am not in a position to come to a decision, but I agree with Mr. MacDonald, that the situation must be faced.

MR. MacDONALD: We will have difficulty restraining Mr. Reaume in line until we hear everybody on this issue.

MR. REAUME: I do not want to stop anybody from being heard, but I think this young man (Mr. Walker) has brought the thing right out into the open where we can take a major step forward. I do not think there is any way of backing up, and I do not think we can stand still. I think we have to keep going ahead, and with the growing of the province, and the increase in tourist traffic, and everything that means to the province of

Ontario, I am not so certain the reason we have not brought in more is because we have not the kind of roads people expect when they come here.

Everybody with whom I have talked, and who knows something about this, is in favour of toll roads, if that is the only way we can build roads.

I think we, as a Committee, feel that if for the province to embark on a large scheme of building roads, such as freeways, which would jeopardize the credit of the province, and would be too much of a strain on the tax payers of the province, would put us in a bad fix financially, and it does seem to me that the only alternative is to set our sights on this business of toll roads.

THE CHAIRMAN: Your expression is purely personal, because we have no information before this Committee to date from the Treasury Department as to how the present road programme is being financed. I hope that information will be available, and I do not think this Committee has reached the point where we will have any motions as to what our opinion is, simply on the basis of the very ably-presented argument by one group of men this morning.

MR. REAUME: If we can take the statement of one member of the government the other day as meaning

anything, I think it is a preview of the financial status of the province at the moment. He said, in his opinion, there has to be other ways of getting money into the Treasury. I believe that indicates the barrel is getting pretty well dry, and there must be found ways and means of filling up the barrel.

We have heard a number of people, and I suppose we will hear more, but in this brief presented yesterday, on page 2, they recommend -- and I think quite properly so -- that the first thing we should do -- and we have to get to that stage pretty soon, if we are going to decide which of our roads will be made into this type of road -- we must face the question of the employment of an outstanding firm of traffic engineers.

THE CHAIRMAN: Mr. Reaume, may I interrupt you for a moment? This is general discussion, and I think perhaps I would like to complete our conversation with this group of men, and we will then have plenty of opportunity to discuss the matter you raise amongst ourselves.

The questions you are raising are very pertinent and interesting, and I think we should discuss them, but not when we have people here, who have appeared before us, who are not concerned with the financing. These people are dealing with traffic conditions only.

If there are no further questions to ask of them, we can let them go to attend to their other matters, and we could get down to a general discussion.

MR. REAUME: There is a further question I was going to ask of them, if they do not feel that we, at the moment, should give employment to a bona fide expert in traffic engineering. I would like to have them answer that. I think it is pertinent and I think it is important.

THE CHAIRMAN: To whom are you addressing your question?

MR. WALKER: I will be glad to answer that. I think I can say, quite safely, and very definitely, that you would be further ahead in the longrun to recognize the need for a very strong engineering division within the government, but, for goodness sake, build it in your own organization, recognize the importance of their work, listen to them, and pay the salaries which will attract the top-notch men, and give them all of your confidence. If you do that, you will have a good organization within your own group, and it will not be necessary to go outside all the time.

MR. AULD: I wonder if the group would be in a position to answer this question, if it is a fair one.

Let us suppose that it will take -- discussing

Highway 401 -- ten years to build it from Windsor to the Quebec Border. Would you be in a position to state whether that would be time enough, or how soon it should be built, according to the traffic needs, in your opinion?

MR. BURTON: I would say that a new highway is needed there right now. Ten years will be far too long.

When we look at the situation between Bayview Avenue and the Rouge, because it is not completed as yet, and I think you would find that a road there with a reasonable toll would be a very busy highway.

If you want to go to Montreal today, it will take you from eight to ten hours. With a toll road, you could probably make it in about six hours, and there would be a saving for all the heavy trucks rolling through there. When you build facilities of that type, you invariably induce a large amount of traffic.

We built Monnt Pleasant Road, and we immediately induced a thousand extra cars per hour to come downtown.

That is what we are faced with. Every time we build an extra facility, we induce extra traffic.

MR. AULD: What will you do with them when they get there?

MR. BURTON: That is not one of my pet worries.

Mr. Walker is more concerned with that from a parking standpoint.

MR. ROOT: Has not the Windsor-Fort Erie road the most traffic?

MR. BURTON: You suggest that road has the most traffic, Mr. Root? That may be so.

MR. ROOT: What would you think if some of the Toll Authorities south of the lake found that the road lifted a great deal of traffic from their road, and they lowered their tolls to bring it back? Then we might be "stuck" with a toll road with no traffic.

MR. BURTON: At this conference in Pittsburgh, there were a number of people who had been in the professional engineering business for 25 or 30 years in the United States, such men as Marshman, in Washington, -- and they were estimating 120 million vehicles in the United States.

Therefore, I do not think, unless there is a major catastrophe, or a major disaster, that you will have anything to worry about from that angle.

MR. ROOT: You think the toll roads should carry higher speeds than the ones in operation now?

MR. BURTON: You might adopt between 50 and 60 miles an hour, and we think there should not be

any higher speed than 60 miles an hour.

There are drivers with good cars who can drive 70 or 80 miles an hour safely, with a reasonable amount of traffic, but they are not the average drivers. A great many people, if they get over 50 miles an hour, are in trouble.

MR. MacDONALD: From a traffic point of view, is it your opinion that 60 miles an hour might improve the situation?

MR. BURTON: I think on the Barrie Highway, 60 miles an hour would be alright. But we think it should be controlled, and then if you want to "crack down", you have something upon which to "crack down". You do not have, if you leave it wide open.

The Pennsylvania had no speed limit for a while, and then they put one on. I think they put it at 70 miles an hour, but it has now been reduced to 60 miles an hour, because they found their fatality rate was very high.

If everything is clear, it might be alright, but if something happens at that speed, you have no chance. That is why people run off the road. They over-estimate their ability to handle cars.

THE CHAIRMAN: There is a point in the brief, about which I do not know whether you would care to

comment or not. It has to do with the police.

Your point is in Number 7, where you say: "A strict enforcement of traffic regulations on any proposed toll road should be under the control of Provincial Police, or a special enforcement agency, and not by police of local municipalities through which toll roads may pass."

You say that the local municipal police forces should not be given any duties or responsibilities as far as a controlled-access or toll road is concerned?

MR. BURTON: That is right. We do not think it is the job of the municipal police to enforce traffic regulations of that type.

THE CHAIRMAN: Several of the toll roads in the United States operate their own police forces. It is a branch of the State Police, but they are limited in their activities to the road itself.

Have you made any study of that?

MR. BURTON: No, we have not, particularly.

This week, Mr. Ash, now the Chairman of the Highway Safety Conference, made a speech at the Royal York Hotel to the Automotive Transport Association -- on Tuesday noon, I believe -- and he had charts there, showing that on the New Jersey Turnpike, they put an

officer on 24-hour-duty for every nine miles of road, and they had cut the fatality rate from 6.1 per 100 million miles, down to 4.1; in other words, about a one-third reduction by putting on extra enforcement officers on the Turnpike. They were especially assigned to that road.

THE CHAIRMAN: Yes, they are. When you mentioned that, Mr. Burton, and this may be off the record, we were in New Jersey, and spent a good deal of time there, and the figures we were given do not agree with Mr. Ash's figure regarding the safety record.

They told us that in 1954, their accident rate was less than one-fifth the rate for all the highways and streets in New Jersey, and they had a death rate in 1954 of 2.47 per 100 million miles, compared to 6.5 on the international highways of the United States, which is, indeed, a very favourable safety record. I do not know where Mr. Ash got his figures. I read the newspaper reports of what he said.

MR. BURTON: He had charts there, showing the comparison between the Pennsylvania Turnpike, and the New Jersey.

THE CHAIRMAN: I think his figures were prepared for 1953-1954.

MR. YAREMKO, Q.C.: I cannot speak for Mr. Ash, but it seems to me the whole basis was you cannot build a safe highway and build safe cars alone, but in the final analysis, it boils down to the man behind the wheel of the vehicle.

He was not advocating any safety aspects without control, and control over the driver, in order to have a safety factor.

MR. MacDONALD: I think the unfortunate thing about the news coverage is that it gives the impression that on these new highways, there has been a higher fatality incidence, which I do not think is the case.

THE CHAIRMAN: Here are the figures given to us: "2.4 on the New Jersey Turnpike, as compared with 6.5 on the highways of the United States as a whole".

MR. COLLINS (Secretary): Special attention was paid to the Pennsylvania Turnpike, because of its being an older road.

In 1954, their fatality rate was 4.2 as compared to the United States average of 6.5.

MR. MacDONALD: The New York Thruway was about 2-point-something.

MR. AULD: I think one of the reasons given to us regarding the Pennsylvania Turnpike having what seemed to be a higher rate, was the winter conditions

and the hilly parts in the western area. In the western part it is high, and in the eastern part it is low.

THE CHAIRMAN: And these states have a very high standard of policing, which probably has as much to do with the reduction in the rate as construction.

MR. COLLINS (Secretary): These roads have exact statistics, and the exact mileages. The number of accidents is not estimated; it is actual.

But, on the other hand, they are estimated rates based on gasoline consumption, and are somewhat doubtful when you analyze them exactly.

MR. BURTON: The point we were trying to make was this; we thought the road should be designed to the highest standards, something on which it would be feasible to have a first-rate driver, in a first-rate car, driving at 100 miles an hour. That is what they did in Germany on the Autobahn, but we recognize the average person is not capable of driving at such speed with safety.

If you design a road for 60 miles an hour, and give the people the right to drive 60 miles an hour, and everybody drives at 60 miles an hour, they will still get into trouble in bad weather.

THE CHAIRMAN: Are there any other questions

the Committee would like to ask in connection with this brief?

MR. REAUME: I think it is almost time now to get down to grips with this thing, as to where we are going to go.

THE CHAIRMAN: Well, we are back to your problem again, and we will deal with it in due course, but I am trying to let these gentlemen go about their business.

I would like to finish with this deputation before we get into any long discussions.

MR. REAUME: I do not know whether I am right or wrong in my impression, but I think we are just "stalling" on this thing. We are getting the same information from everybody and I do not think we are getting down to the problem at all.

MR. CHILD: I do not think we could make any recommendations until we have heard everybody.

THE CHAIRMAN: We have heard Mr. Reaume's opinion --

MR. REAUME: We have heard from Mr. Walker that we should have experts in the Department. If not, I think we should get them.

Yesterday afternoon, Mr. Chairman, I was here and you were absent, and we received some important

information.

MR. CHILD: Some of the other speakers might have an entirely different point of view than we have heard so far, and I think in fairness to the deputations which will appear before us, we should not go too far, as we are not in a position as yet to make any decision.

MR. MacDONALD: That remark makes it very difficult for the Chairman, who is trying to help the delegation here this morning.

THE CHAIRMAN: Gentlemen, may I thank you on behalf of the Committee. Your points are well taken, and very informative, and we appreciate them.

---Messrs. Walker, Burton, Desjardin and Cass retired.

THE CHAIRMAN: Gentlemen, we have no further delegations to appear before us this morning.

May I say that there was mailed to me by an engineer in the city of London, a memorandum which I had the opportunity of reading only very briefly and but once. But it is quite pertinent to the various things we have been discussing this morning.

I would like to read it, and put it in the record, so we may have some discussion on it. It deals with this problem of Highway No. 401.

It is addressed to myself as Chairman of this Committee, and reads as follows:

" The purpose of this memorandum is to outline a method by which the controlled access highway No.401, now under construction can be completed in the shortest possible time. The method suggested entails completion of the large existing gaps by a series of toll roads.

At the present time, the right-of-way for No.401 has been determined and some survey work done from Windsor to the Quebec border. Progress to date has been confined to the following stretches which should be completed during 1956,-

Windsor to Tilbury

Highway No. 4 South of Lambeth to Eastwood

Highway No. 27 to Oshawa.

Other shorter stretches around Kingston,

Gananoque, and along the St. Lawrence River.

There remains several major gaps on which little or no work has yet been done. In the main, these are from Tilbury to Highway No. 4, from Eastwood to Highway No. 27 and eastward from Oshawa.

The principal difference in the lay-out of a controlled access highway such as No. 401 and a toll road lies in the fact that the access points on No.401 are much more numerous than would be economically feasible for a toll road. This is because a permanent staff together with buildings and other facilities have

to be maintained at each access point for the control and collection of tolls.

It therefore would be very difficult to convert completed portions of Highway No. 401 into a toll road since many access points would have to be closed. This would not be politically feasible.

On the other hand, the conversion of a toll road into a freeway entails only the additional expense of converting grade separations into inter-changes. If these grade separations were designed with this conversion in mind, the costs should not be of major importance.

It therefore would appear to be possible to connect the completed portions of No. 401 by a series of toll roads which when paid for, could be converted into freeways according to the original scheme for 401.

In order to derive the benefits which would accrue from a toll road from Buffalo to Windsor, the plan should include a toll link from Buffalo to No. 401.

Under this plan, it would then be possible for a motorist to buy a ticket to take him to any locality on this combined toll and freeway. He could be provided with a car sticker which would allow him unobstructed passage through the terminal toll gates through which, he would have to pass to reach his destination.

The main advantages of this scheme would appear to be as follows:-

1. The controlled access Highway No. 401 could be completed within three (3) to four (4) years at little additional cost to the taxpayer.
2. This road would constitute the toll road which would not be competing or have to compete with Highway No. 401.
3. The location of this road would follow the right-of-way which has been chosen after the most careful studies carried out by the Department of Highways since the War and is therefore in a position to carry the maximum amount of traffic."

MR. CHILD: From whom is that letter?

THE CHAIRMAN: Mr. R. M. Dillon.

MR. CHILD: Who is he, when he is at home?

THE CHAIRMAN: He is a member of the firm of M. M. Dillon and Company, Limited, Consulting Engineers, with their Head Office in the city of London.

He states in a covering letter that if we are interested in the basic idea he submits, he will be happy to prepare and submit a more detailed presentation.

MR. REAUME: At a small charge, I presume.

THE CHAIRMAN: At no charge, whatsoever, of course.

MR. YAREMKO, Q.C.: That head lights a point

I was going to bring up. Is it possible to have the Department of Highways here, I suggest not in the form of a hearing, but with a map, showing where Route 401 is, where it has been completed, and what the forecast is as to the completion of the other parts. Then we will be able to deal with it briefly.

Speaking personally, I have no knowledge whatsoever of what portions of Highway 401 have been completed.

THE CHAIRMAN: It seems to me we have some strip maps already given by the Department of Highways.

MR. CHILD: I do not think they show the completion of a portion of the highway.

MR. MACNEE: That is the general route, but it does not show the sections which have been completed, nor when the other sections will be completed. I believe that information could be obtained, probably from Mr. Fulton.

THE CHAIRMAN: These maps could be brought up-to-date?

MR. MACNEE: Yes, we have the information available.

THE CHAIRMAN: Is it the wish of the Committee to ask the Department of Highways to provide us with such a map? We have a man here from the Department of

Highways at every meeting, who is available for any questions we want to put to him.

MR. YAREMKO, Q.C.: I was going to ask Mr. Macnee if perhaps he could arrange for us to get that information.

At the present time, we have strip maps, but I think we should have the information as to what has been done on the road, and what is expected to be built in 1956 and 1957, and what the forecast is regarding Highway No. 401, as far as construction is concerned.

MR. MACNEE: As I say, I believe I can get that information for you through Mr. Fulton.

MR. YAREMKO, Q.C.: I think he said they can build Highway 401 in the next two or three years, without charging a toll.

THE CHAIRMAN: I think his forecast was it would take a minimum of six years to complete. That is based on the annual average of 75 miles.

MR. CHILD: I like the idea of the map being brought up-to-date.

THE CHAIRMAN: Will you look after that, Mr. Macnee, please?

MR. MACNEE: Yes, Mr. Chairman.

MR. MacDONALD: That enters into the feasibility, and it seems to me it is rather a mixed-up proposition,

judging from the example we saw on the New Jersey Turnpike.

MR. AULD: Actually, they have the same thing at the ends of the New York Thruway; a portion was built as a freeway, so that traffic will not be all in one spot.

MR. MacDONALD: But they have enough outlets to get into the traffic arteries. That seems to be a rational proposition.

But here there are sections, some of them out in the country, and others are bordering the cities, and because they are built, we are going to leave them as freeways?

There is no rational basis for that.

MR. MACNEE: Highway 401 is practically completed from the Humber to the other side of Bayview Avenue, and there is a short portion, a mile or two, which soon will be completed.

MR. MacDONALD: There is a portion from Metropolitan Toronto to Newcastle, which is nearly completed.

MR. CHILD: I think the Metropolitan area should consider tolls all the way through. I have only seen portions of it outside the Metropolitan areas.

THE CHAIRMAN: It is planned in zones, I have

read, but I have not had time to study it. It said, in effect, that we should connect up the present portions of 401 to be built as a toll road, and leave the present portions free.

I think the idea was the road could be completed a good deal faster than under the present system.

MR. MacDONALD: Mr. Chairman, many times it has been raised in our discussions as to the inequity of the situation under which persons will have a good highway out of Toronto, but you do not have it from London, for instance, to St. Catharines.

It seems to me that becomes even greater, and more sharp. politically.

If we want to look at the political aspects of it -- if you take bits and portions of the existing road, and just because they are built, leave them as freeways, and those which have to be built to be toll roads --

THE CHAIRMAN: We can reduce inequities, but we can never do away with them, because in this world there just are inequities.

MR. YAREMKO, Q.C.: It will be interesting to find out, Mr. Chairman, what the plans are with regard to 401, because it sounds logical, because they

have so far built Highway No. 401 from Toronto to Newcastle, that they could be building the portion in the Kingston area and the Gananoque area and others, and we may find that 401 in two years' time will be built up around the metropolitan areas where all the traffic flows, and will leave to the end those portions where it is not economically feasible to charge a toll.

I think that is the type of information we should have now.

THE CHAIRMAN: I think we had the information before the Committee, that the basic plan of building 401 is to relieve the congestion in the urban areas first. That is why that portion south of London to Eastown has been built, and that takes you around London, Ingersoll, Beachwood and Woodstock.

But there is a stretch to by-pass Toronto, and a stretch to by-pass Kingston to relieve the traffic congestion there, first.

It cannot all be built at the same time. It was designed to build the portions which would relieve the most congestion.

MR. YAREMKO, Q.C.: The portions which are not feasible for toll roads are being built.

THE CHAIRMAN: That is a good point to decide. If we decide toll roads are feasible, would you include

the portions which involve the metropolitan areas?

MR. MacDONALD: Mr. Chairman, on a point of information; when are we likely to hear from our Treasury officials on the financial aspect?

THE CHAIRMAN: They are making a very thorough study of such information, and they said it would take approximately a month. That was two weeks ago, so I presume we will hear from them before too long.

That is something we want to settle before this series of meetings is over, as to when we will meet again. I presume we will be hearing from the Treasury officials early in January, because when we get into December, we will not have any meetings until after the Christmas holidays.

MR. MacDONALD: It seems to me, quite apart from relieving Mr. Reaume's blood pressure, that we must have that information.

THE CHAIRMAN: It is very pertinent information, and we must have it.

MR. REAUME: Do not you worry about my blood pressure.

Mr. Chairman, are you planning on a report for the opening of the House?

THE CHAIRMAN: I think we will be in a position to submit an interim report. I do not think we are in

a position to submit a final report, and it seems to me that the situation is of sufficient importance so that we should bring in at least a partial report to the next Session of the Legislature.

I have nothing further for this morning.

MR. MANLEY: Before you adjourn, Mr. Chairman, I would like to make myself clear at this particular time.

Mr. Reaume has expressed a personal opinion. He has made the suggestion that we should employ certain people to get on with this job.

My position is that I will keep an open mind until we hear from all the delegations, and until we consider all the briefs which are going to be presented before us. Then I will form my own conclusions as to what should be done.

I do not think we are in a position where we can go on and employ anybody. We are only empowered to make recommendations to the House, and it will be for the Legislature to decide whether it will accept the report, or what they will do with the recommendations we present.

As far as I am concerned, as I say, I am going to remain with an open mind until we have all the submissions before us, and then I will base my

opinions on them.

I wanted to make that clear.

MR. REAUME: I want to straighten out a point.

I am not trying to block anybody from coming before us and giving their views.

I do not know how long your minds will be open, or when they will finally be closed, but we will have to arrive at that point sometime, and how can we arrive at that until we get somebody before us who can give us the kind of information we ought to have. If we continue this way, it is probable that your minds will remain open until we are all on the Old Age Pension.

MR. YAREMKO, Q.C.: Actually, the problem before us, Mr. Chairman, is his; is the Committee in favour or against toll roads? The problem is "Are toll roads feasible for the province of Ontario?".

THE CHAIRMAN: Our terms of reference are of the broadest. We are to study all phases of toll roads, as to how they affect the province of Ontario, and that is what we are trying to do.

MR. YAREMKO, Q.C.: We are trying to find out if toll roads are feasible for Ontario. I may be of the opinion that toll roads are feasible in other jurisdictions, but I cannot decide about Ontario until we have all the information it is possible to obtain

before us.

MR. REAUME: How can we do that unless we have the information we ought to have?

MR. MacDONALD: Mr. Reaume ignores the fact that we have experts in the Department who can give us information about the traffic densities, and other information, without going outside.

MR. REAUME: Have we in the hands of the Committee, all the information we should have from the Department of Highways, as to whether toll roads are feasible?

THE CHAIRMAN: The Department of Highways will not make up our minds. They can give us the information, and we will make our own decision. They have given us a great deal of information, as to traffic counts along, for instance, Highway No. 401 from Windsor to the Quebec Border.

We have counts from the Toronto-Hamilton area, ⁱⁿ and / the Ottawa to Montreal area. These figures are there, upon which we may base an opinion.

MR. REAUME: I do not want to be over-anxious about keeping our minds open. Everybody asks to attend meetings, but are we to hear everybody in the province?

THE CHAIRMAN: I will not close my mind until the last delegation walks out of that door (indicating).

That is the opinion of the Chairman of the Committee.

MR. MANLEY: That is my opinion also, Mr. Chairman.

MR. REAUME: That is your opinion. But when will the last person walk out of the door?

THE CHAIRMAN: I will ask our Secretary to read the list of those who have been invited.

MR. MacDONALD: It is in the record.

MR. REAUME: How many more have we who want to come before us?

THE CHAIRMAN: In answer to Mr. Reaume's question, our Secretary will provide the Committee with a list.

In January, we have the city of Hamilton and the County of Wentworth, the British-American Oil Company, the Ontario Motor League, the Ontario Chamber of Commerce, the Railway Association of Canada, the Canadian Electrical Manufacturers Association, the Shell Oil Company, the City Service Oil Company, the Good Roads Association, the Sun Oil Company, and the Association of Tourist Resorts of Ontario.

And, believe me, I will not make up my mind until we hear from all these people.

Then there are others who have not made up their mind, but are considering making representations.

They are:

1. Canadian Petrofina Limited.
2. The Commercial Travellers' Association of Canada.
3. The Ontario Association of Motor Coach Operators.
4. The Automobile Dealer Associations of Ontario.
5. The City of Belleville -- they would like a local meeting.
6. The City of Sarnia.
7. The Town of Kenora.
8. The Canadian Manufacturers Association.
9. The Federation of Law Associations.
10. The City of Windsor.
11. The Ontario Federation of Agriculture.
12. The County of Welland.
13. The Canadian National Railways.
14. The Rubber Association of Canada.
15. The British American Oil.
16. The City of St. Thomas.
17. The Ontario Tourist Courts Association.

MR. REAUME: That is a very good idea. I want to hear them all, too, but when will we hear them?

THE CHAIRMAN: We will hear them in January.

MR. AULD: It seems to me there are two questions; one is where we need this type of road, and

the second one is how soon will we need it, and, in fact, there is a third question, how are we going to pay for them.

If we cannot pay for them out of current revenue within the time we need them, we will have to find some other way, either by a toll road, or finding some new tax sources, or increasing existing taxes.

I do not think we can make up our minds at all until we hear the financial people.

I think the people of Ontario want better roads. They would like them free, if that is possible. If that is not possible, they will probably be willing to pay for them.

MR. ROOT: I agree with the position of the Chairman and Mr. Manley. I want to keep an open mind. I think the more people we hear -- people who want to express their views -- the better it will be. I am in favour of going a little slowly on this. It is a big thing.

If we decide in favour of toll roads, we will have to decide the points raised, that is, as to what roads will be toll; shall we bring in existing roads, and if not, should we recommend that the Queen Elizabeth Way be left as a freeway?

I do not see how, politically, we can justify

a controlled-access road free in the heaviest part of the province, and ask the rest with less traffic to pay toll.

I am trying awfully hard to keep an open mind. I want to know what the people of Wellington think, and the people of Dufferin. I am responsible to them.

Let us keep an open mind, and hear anything anybody has to say.

I know the Press will do a good job in letting the people know what is going on.

Perhaps when we have all the information, we will have different opinions than we have now.

MR. REAUME: I thought we had heard nearly everybody.

MR. MacDONALD: I do not accept that as forecasting an inevitable conclusion.

MR. REAUME: I think you should.

MR. MacDONALD: Mr. Chairman, this is very simple. I see in the list, "The City of Windsor". Our problem seems to be to keep Mr. Reaume's mind open until we hear from the city of Windsor.

THE CHAIRMAN: Yes.

This meeting will stand adjourned until 2:30 o'clock this afternoon.

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---Whereupon at 11:40 o'clock a.m., the further proceedings of this Committee adjourned until this afternoon at 2:30 o'clock.

A F T E R N O O N S E S S I O N

Toronto, Ontario,
Thursday, November 24th, 1955,
2:30 o'clock, p.m.

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The further proceedings of this Committee
reconvened pursuant to adjournment.

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PRESENT:

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

Messrs. Auld,

MacDonald,

Root,

Child,

Yaremko, Q.C.,

Sandercock,

Manley,

Reaume,

Mackenzie,

. Jolley,

Mr. D. J. Collins, Secretary.

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APPEARANCES:

Mr. W. Q. Macnee, Traffic Engineer, Ontario
Department of Highways.

Messrs. J. A. Kingsmill,	Secretary-Treasurer,
D. D. Scythes,	Representing Wood, Gundy & Co.
J. M. Stewart,	Representing A. E. Ames & Co.
M. K. McKinnon,	Representing Harris & Partners, Limited.
A. J. Milner,	Representing Mills, Spence & Co., Limited.
N. H. Gunn,	Representing Bell, Gouinlock & Co. Limited.

The above-named six gentlemen represent the Executive of the Investment Dealers Association of Canada.

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THE CHAIRMAN: Gentlemen, we have a quorum and we think we might proceed, in order not to keep you too long.

It is very kind of you to appear before us. I understand that Mr. Milner will present the brief on behalf of the entire group, and may I suggest he come to the front, please.

MR. MILNER: I was going to get Mr. Kingsmill to read this. Would you like us both up there?

THE CHAIRMAN: I would like to have you all here, as a matter of fact. Our procedures are, to say the least, informal, and there is often a great deal of discussion back and forth.

MR. MILNER: Would you like the brief read first?

THE CHAIRMAN: I think perhaps it would be better inasmuch as none of us have ever seen it, up to this time.

MR. MILNER: Then I will ask Mr. Kingsmill to read it .

MR. KINGSMILL: This brief is as follows:

(page 693 follows)

Brief Presented by The Investment Dealers' Association of Canada to the Select Committee of the Ontario Legislature Investigating Toll Highways in Ontario.

The Investment Dealers' Association of Canada accepts the invitation and welcomes the opportunity to submit a brief on the subject of toll highways in Ontario.

Our Association does not desire at this time to make any plea either for or against toll highways. The Association believes that evidence based upon the experience of a number of such highways operating in the United States, as well as the opinions and research by competent authorities presented to your Committee will be sufficient to judge the need for, or against construction of toll highways in Ontario.

It seems fitting, therefore, that the Association should restrict its attention solely to the methods and problems of financing toll highways. Representing, as it does, over 200 firms of Investment Dealers in Canada, the Association can pursue this important aspect with confidence, confidence built upon the experience of almost all the public financing done by Canadian governments and corporations. If toll highways are to be built in Ontario and are to be financed by the issuance of securities, members of the Association in all

probability will be called upon to raise most, if not all, of the money required.

If a toll highway project is desired and if it can be proved economically and financially sound, the heavy responsibility of under-writing and distributing the appropriate securities for its successful financing will be readily accepted by Investment Dealers.

Realizing this responsibility and where it will probably fall, we are pleased to present for your information certain views and considerations related to the problem of financing toll highways in Ontario, with particular concern as to the impact of heavy construction and financing costs on the credit of the Province.

Background

In the post-war years 1945 to 1953, the number of vehicles of all types in Ontario more than doubled; the number of vehicles per capita increased from one for every 6.0 persons to one for every 3.5 persons; in 1945, there were over 662,100 motor vehicles registered in Ontario, and in 1953, more than 1,406,000.

Average gasoline consumption per vehicle in Canada has risen 20% above the pre-war level; the number of cars entering Canada from abroad has approximately doubled; traffic density per mile of paved road has risen from 86.3 vehicles in 1945, to 110.2 vehicles in

1952. Based on present population trends, it is anticipated that vehicle registrations in Canada will rise somewhere between 46% and 63% in the period 1953 to 1960.

A glance at highway construction figures during this period is sufficient to prove that traffic volume is growing more rapidly than are the facilities to carry it, and despite the fact that the Province of Ontario is spending more money than ever before on the construction and maintenance of new highway facilities, the present rate of spending is not sufficient to keep pace with increasing traffic volume.

Up to the present time this increased tempo of highway construction has been financed from the Consolidated Revenue Fund of the Province. If the rate of spending is to accelerate, an added burden will fall on these current revenues, or, alternatively, new sources of revenue must be found. The latter alternative may be accomplished by exploring new avenues of taxation or by increasing the rates of tax pertaining to motor vehicles; viz., the gasoline tax, motor vehicle permits, etc. Or, as a new departure, the burden for financing a part of the highway expansion program may be shifted entirely to the users of any new facilities through the collection of tolls. A similar situation has developed in the post-war period in many of the United States where the solution to the problem has been found by the

institution of a system of self-supporting toll highways, the cost of which is being borne by the users.

In view of this experience and assuming that the cost of certain highways in Ontario should be borne by the users, it would appear that toll roads represent the most practical solution to Ontario's growing highway problem.

It is with the last mentioned financing method that this Committee is primarily concerned. The successful history of a large number of toll road projects in the United States bespeaks their acceptance under appropriate conditions.

The purpose of this enquiry may, therefore, be reduced to answering two principal questions:

- (1) Are there any areas in Ontario where new highway facilities are required and where financing by the collection of tolls may be considered feasible?
- (2) Assuming that one or more routes are considered feasible, can such a plan, or plans, be successfully financed?

If the answer to the first question is in the affirmative, it is submitted that the answer to the second question is also in the affirmative, although there are various methods by which this financing can be carried out.

The answer to the first question necessarily

involves the compilation and study of a vast amount of engineering data relating to such matters as the origin and destination of traffic in the area, traffic density, population trends, alternative highway facilities, forecasts of induced traffic, etc.

These matters are of a highly technical nature and would, prior to the finalizing of any financing plan, have to be reported upon by a competent and independent engineering firm.

In discussing the financing problem it is important to keep in mind the fundamental purpose of toll highways which is the provision of adequate highway facilities to be paid for by the user through the imposition of an acceptable tariff of tolls.

Toll Highway Authority

It is submitted that the most efficient method of carrying out a long term plan of toll road operation would be the establishment by proper legislation of a Toll Highway Authority, independent of the Government, with powers in its specific sphere of interest similar to the authority vested in The Hydro-Electric Power Commission of Ontario.

Methods of Financing

If we eliminate the possibility of the Government financing toll highways directly, we submit that

the monies for such highway construction can be obtained either:

- (1) By the use of private capital, and/or
- (2) By the issuance of securities in the name of a Toll Highway Authority.

If the first method were to be adopted it would involve the creation of a corporation for the purpose of building, financing and operating the highway.

Such a corporation should, of necessity, be subject to regulations of a Toll Highway Authority in a manner similar to the regulations of the Board of Transport Commissioners in respect to common carriers.

Private capital could not finance a project that did not have all the requirements of a sound and profitable operation. In view of the fact that the profit of such a corporation would be subject to income taxes, it is apparent that the interest rate of the borrowed money, as well as the tariff of tolls to be charged might have to be somewhat higher than the corresponding rates on securities issued directly by a Toll Highway Authority.

However, this method has the advantage of removing responsibility and liability from the Province and placing it, subject to proper regulation, in private hands. The possibility of financing, constructing and maintaining a toll highway by private interests at a

lower overall cost than would be involved by Toll Authority financing, cannot however, be entirely ruled out.

The alternative method would be the issuance of securities directly in the name of a Toll Highway Authority. Three types of such securities (see Appendix "B") could be considered, as follows:

(1) A Toll Highway Authority Revenue Bond

This type of Revenue Bond would be sold on the basis of projected earnings estimates with provision for payment of interest and repayment of principal over a long-term period. This type of security would become attractive to investors only as the interest rate justifies the risk involved in a venture of this type.

No guarantee of any kind by the Province would form part of the security, but an estimate of financial feasibility would accompany the engineering data previously referred to herein.

Reference is made to Appendix "A" as to the manner in which a feasibility ratio has been developed and applied in the United States.

This type of Revenue Bond should not be adopted unless the potential earnings would amortize the cost over the term of the issue. Assuming adequate earnings estimates, this Bond should command an interest rate similar to a high grade

corporation bond or debenture of a new industry.

(2) A Toll Highway Authority Bond with Deficiency Guaranteed

This type of Revenue Bond is similar to (1), but would be supported by a Provincial guarantee of interest payments and principal repayments in certain contingencies where the estimated toll revenues proved inadequate.

Such a security could be considered if the earnings estimates were not sufficiently good to ensure the sale of the security on the basis outlined in (1). This form of security would be more readily saleable than type (1), but any such issues would show as a footnote in the Province's balance sheet as a contingent liability.

(3) A Toll Highway Authority Fully Guaranteed Revenue Bond

This type of Revenue Bond would carry the unconditional guarantee as to interest and principal payments by the Province and might be used in circumstances where estimated revenues are clearly inadequate.

This type of Bond would show as a definite contingent liability in the Province's balance sheet. Any substantial borrowing of this type, would to some extent, have an adverse effect on the overall cost of borrowing by the Province,

although, providing a toll issue is soundly conceived, it is difficult to envisage where any borrowing of this type would materially endanger the high credit rating presently enjoyed by securities of the Province of Ontario.

Naturally, a combination of the three methods can be used and has been used in connection with the New York Thruway Authority with a good degree of success. The State of New York guaranteed enough bonds to start the project and set a maximum amount which they would guarantee for the construction. The Authority then issued Revenue Bonds, and has recently issued further bonds, guaranteed by the State, to complete the project.

Alternatively, method (3) might be used to obtain a lower interest rate, even though it was apparent that a Revenue Bond would be acceptable.

Relative Costs of Borrowing

It would be premature, at this time, to suggest any approximate rates at which Toll Highway Authority Bonds, as set out above, could be marketed.

However, it can be stated, with some degree of confidence, that fully guaranteed bonds would enjoy a higher credit rating than bonds with a deficiency guarantee, and might reasonably be expected to command a price close to that of direct Provincial obligations of a similar

interest rate and maturity.

A bond carrying a deficiency guarantee would carry a fractionally higher interest rate than an unconditionally guaranteed bond. An unguaranteed revenue bond might be expected to carry an interest rate of at least 1/2 of 1% higher than a fully guaranteed bond.

As has already been pointed out, the best examples of toll highway financing which Ontario might look to for a pattern are to be found in the financing of certain highways in the United States. In this connection, there are, among other things, two important factors to be considered.

First, the practice in these States is to issue long-term debt with all or part of the maturities extending to 40 years.

While such an issue in Canada would likely demand a higher interest rate than a shorter term issue, it is submitted as *prima facie* evidence that to finance a toll highway with full pay out from toll revenues in less than 40 years, would increase the tariff of tolls beyond a reasonable amount that a user might be expected to pay.

The second factor that should not be overlooked in comparing toll highway financing costs in the United States with those that might be undertaken in Ontario, is that the interest on toll highway bonds in the United States is tax exempt, a situation which does not prevail in Canada.

In this respect there is a distinct interest cost advantage to issuers of toll highway bonds in the United States, as against those which might be issued by a Canadian Authority.

In conclusion, recognition must be paid to the very excellent financing record of the Province, and the resulting high credit rating enjoyed by both its direct and guaranteed obligations, in Canada and in other countries, and it is submitted that any economically feasible toll road project could be financed on terms acceptable to the Canadian and/or United States markets without impairing the credit rating which Ontario provincial securities justly enjoy.

Respectfully submitted,

THE INVESTMENT DEALERS' ASSOCIATION OF CANADA

(signed) N. H. Young,

Vice-President and Chairman
Ontario District Committee.

(signed) A. J. Milner

Chairman Special Committee. "

MR. KINGSMILL: Shall I read Appendix "A"?

THE CHAIRMAN: I think you might, if you do not mind.

MR. KINGSMILL: Not at all. It is as follows:

Appendix "A"

In a Report of the Secretary of Commerce, Washington, D.C., 1955, on the "Progress and Feasibility of Toll Roads and their Relation to the Federal-Aid Program" certain basic assumptions had to be made to determine the probable extent of toll-road feasibility.

The report reads in part as follows, and is included in this submission as an example of a method of determining the feasibility ratio of any given project in the United States. Certain of the components in the calculations may not apply in Ontario.

"First, it was assumed that the financing would be by revenue bonds, which is the method for most of the toll roads now being built.

In keeping with current toll road financing practices and experience on existing toll roads, the following values were assigned to the various items entering into the calculations:

- (a) Amount of bonds: 1.12 times construction cost.
- (b) Term of bonds: 40 years.
- (c) Rate of interest: 3.5 percent.
- (d) Toll rate, passenger cars: 1.75 cents per vehicle-mile.
- (e) Toll rate, trucks: 4.00 cents per vehicle-mile.
- (f) Revenues from concessions: 7 percent. of the gross receipts from tolls.
- (g) Administrative, operational and maintenance costs, and replacement reserve: 20 percent. of gross revenues.

Items (a), (b), and (c) are based on the most recent experience of practice in financing toll roads through revenue bonds.

Item (d), "toll rate for passenger cars", is higher than the average collection on some roads and below that on others.

The average on the New Jersey Turnpike, for example, was 1.94 cents in 1953, (with proper weight given the larger volumes on the northern end where the rate for some trips was as much as 3.0 cents per mile).

It is believed that 1.75 cents per mile for passenger cars and corresponding rates for trucks can be collected if necessary.

Item (f) is based on the experience of existing toll roads.

Item (g) is consistent with current practices in estimating feasibility.

While the first three factors could be estimated from existing toll roads, the factor of replacement reserve cannot be estimated on the basis of experience to date.

For purposes of this analysis it was assumed that bonds would be sold in 1957, roads opened to traffic in 1959, and amortization started in 1960, interest from 1957 to 1960 being paid from bond

receipts and accounted for in the 1.12 factor, item (a).

Feasibility Ratios

Feasibility ratios were calculated by dividing the estimated net operating income for 1978, (the midyear of the period of bond amortization) by the annual cost of debt service.

Net operating income was determined by deducting the amount needed for administrative, operational, and maintenance expenses and replacement reserves from total receipts from tolls and concessions.

Experience in recent years shows that bonds offered to finance projects having a feasibility ratio of 1.5 or more, calculated in the manner described, would be marketable. Therefore, any section having a ratio of 1.5 or more was regarded as feasible of construction through toll financing.

As previously pointed out, these studies could not be made in such detail as to permit the determination of the feasibility of individual projects with assurance. However, since the factors used for such items as traffic diversion and generation were based on average conditions as determined from traffic studies of existing toll roads, it is believed that the national totals resulting from the study are reasonably reliable."

MR. KINGSMILL: Then, Appendix "B" gives examples of the foregoing types of securities, and is

as follows:

Appendix "B"

"Some examples of the foregoing types of securities are presented.

(a) Toll Highway Authority Revenue Bonds

\$62,000,000. California Toll Bridge Authority
Richmond-San Rafael Bridge
3 7/8% Toll Bridge Revenue Bonds,
Series A
Due September 1, 1992
Date of Offering December 29, 1952
Price to yield 3.75%

\$74,000,000. Florida State Turnpike Authority
3 1/4% Turnpike Revenue Bonds,
Series of 1955
Due April 1, 1995
Date of Offering June 7, 1955
Price to yield 3.25%

\$415,000,000. The Illinois State Toll Highway
Commission
Northern Illinois Toll Highway
3 3/4% Revenue Bonds, Series of 1955
Due January 1, 1995
Date of Offering October 25, 1955
Price to yield 3.75%

\$300,000,000. New York State Thruway Authority
2 1/2%, 2 3/4%, 3.10% General Revenue
Bonds, Series A
Due January 1, 1964-1979 and 1994
Date of Offering June 17, 1954
Price to yield 2.00% to 2.85% and
3.07%

\$58,500,000. Texas Turnpike Authority
2.70% and 2 7/8% Dallas-Fort Worth Turnpike
Revenue Bonds Series 1955
Due January 1, 1980 and 1995
Date of Offering June 14, 1955
Price to yield 2.80% and 2.90%

\$95,000,000. State of Virginia
3% Toll Revenue Bonds (Series 1954)
Due September 1, 1994
Date of Offering October 27, 1954
Price to yield 3.03%

(b) Toll Highway Authority Bond with
Deficiency Guaranteed

\$ 8,000,000. Halifax-Dartmouth Bridge Commission
Deficiency Guaranteed by Province of
Nova Scotia
4 1/8% First Mortgage Serial Bonds
Due March 15, 1958-1977
Date of Offering March, 1952
Price to yield 4.375%

(c) Toll Highway Authority Fully Guaranteed
Revenue Bond

\$ 7,500,000. British Columbia Toll Highways and
Bridges Authority
Unconditional Guarantee by Province
of British Columbia
3 1/4% Sinking Fund Bonds
Due February 15, 1970
Date of Offering February 22, 1955
Price to yield 3.20%

\$50,000,000. New York State Thruway Authority
Unconditional Guarantee by State of
New York
2 1/2%, 2.45%, 2.60% Serial Bonds
Due January 1, 1985-1995
Date of Offering October 13, 1955
Price to yield 2.35% to 2.50% "

THE CHAIRMAN: Thank you, Mr. Kingsmill.

I think we will proceed on a question and
answer basis, if we may do so.

MR. MILNER: May I make one remark before
getting to the question period?

You will see from the way we have prepared
this brief, we are not attempting to justify, in any
shape or form, toll roads, and have not gone into
any details -- outside of the few odd statistics --

as to whether or not toll roads are feasible.

But, assuming that, in the last analysis, you will find out, by your own means, that there may or may not be one or two toll roads which may be justified, we are here to answer any questions you have to ask, as to how they should be financed.

THE CHAIRMAN: I think we all understand that.

MR. YAREMKO, Q.C.: Perhaps we might have explained at the outset, the exact difference between a "deficiency guaranteed bond" and a "fully guaranteed bond"? What is the practical difference in the aspects, from the point of view of an investor?

It seems to me, in the "deficiency guaranteed bond", the investor is guaranteed, and with the "fully guaranteed bond" he is still guaranteed 100 percent.

MR. MILNER: There is no ultimate difference, but market-wise, -- over which we have no control -- that is, the buyers of securities are more accustomed to buying in situations where it is either impossible to have stand on its own feet, or situations where they decided to put on a guarantee to get cheaper money.

They would prefer a fully guaranteed bond, but from the viewpoint of the provincial balance sheet, there is no doubt in our minds that the deficiency guarantee might not have fully the effect of the fully-

guaranteed bonds.

If I may go a step further in regard to the way the government acts at the present time: you grant municipalities certain concessions for schools, but you do not grant them in perpetuity. They are passed each year, and only become a liability for one year, as far as the province is concerned.

In a deficiency guarantee, the amount of the deficiency is unknown, and therefore, as we see it, and there is only one example, the province of Nova Scotia; because the deficiency guarantee was on the Halifax-Dartmouth bridge, and it shows a deficiency guarantee on their balance sheet, with no amount stated.

MR. AULD: I do not know what the yield was, but they were offering an interest rate of four and one-eighth percent., and British Columbia sold at an interest rate of three and three-quarters percent., where it was fully guaranteed.

Are there other factors to be considered?

MR. MILNER: No. There are other factors in the different interest rates and the different rate periods.

At the time the Halifax-Dartmouth bridge was built, financing for the province was very difficult.

At the time British Columbia issued toll road

bonds, it was in the early part of this year, and conditions were quite favourable.

In the normal course of events, British Columbia can always borrow better than Nova Scotia. It has a better credit rating.

MR. YAREMKO, Q.C.: Another point mentioned in this excellent report is in regard to having the interest tax exempt. It appears to me that the fact that our toll bonds would not be tax exempt, in the final analysis, the users of the highways would be indirectly paying a tax to the Federal government, because the interest rates are higher than comparable in the United States, and are higher because of the income-tax aspect,

Our tolls have to be higher, so it boils down to the fact that the users of the highways are paying the income tax indirectly to the Federal government.

MR. MILNER: That is right. The two governments, that is, the United States government, and the Canadian government, have gone on an entirely different tangent since World War I.

Canada issued tax-free bonds during World War I, but never issued any more.

In the United States, the municipal bonds, state bonds and utility bonds are completely tax-free.

In other words, a person can purchase a bond at three and one-half percent. and not pay a tax on his income.

I doubt if you will ever have tax-free bonds in this country.

MR. YAREMKO, Q.C.: You question if there will ever be tax-free bonds here?

MR. MILNER: Yes. I doubt if we will ever have them.

MR. YAREMKO, Q.C.: So the users of the highways are paying an indirect tax?

MR. MILNER: That is true. A similiar situation exists now in the province of Ontario. If the province of Ontario knew that bonds were tax-free, they could sell at one and one-half percent. or some such figure. If the people could save tax-free money, the yield would not be where it is today.

THE CHAIRMAN: Would you care to comment, Mr. Milner, on the credit of the province as a whole, when the province backs to even any degree these bonds?

In other words, even with Hydro, is there any tendency on the Hydro issues to have credit, and how would that affect the province of Ontario bonds?

Do not investment dealers look at them as a whole, even though they are in separate slots?

MR. MILNER: It is not the investment dealers who look at them; it is the buyers.

There is no doubt, if you superimposed on the present debt of Ontario, either by means of guaranteeing the direct obligation, there is a limit to what can be added to Ontario's debt.

If the province of Ontario came out tomorrow morning with a 200 bond issue, it would affect the province's credit as a whole, because that amount, whether distributed or not, would have to be appraised under the present market for Ontario bonds.

The province, in the last ten years, has done a most extraordinary well-timed job, when you think of the amount of money the Hydro has had to borrow, and has borrowed, without affecting to any extent, the province of Ontario.

The provincial credit still ranks next to the Dominion, insofar as the eyes of the investors are concerned, and also in the eyes of the American investors.

To answer your question, there is no doubt that a very large sum of bonds, if they were sold in one issue, would have a slight effect on the whole credit of the province, and we could visualize, on the same basis as they constructed the New York Thruway,

that there is always the possibility it can be done in two or three sections.

We had in our minds, a road of somewhere from 150 to 200 miles long, at a cost of \$600,000 or \$700,000 per mile, or a total amount of somewhere in the neighbourhood of \$7 million or \$8 million, which, based on the fees to be collected, would probably work.

We grant you there are plenty of our present roads which could be turned into highways with a feasibility ratio -- at least, we assume so.

We assume the road from Hamilton to Toronto would support a toll if any road in Canada would. We do not know the figures, but we assume it would.

MR. AULD: Would you comment on a hypothetical situation? Supposing the province went ahead building what are, in effect, expressways and controlled-access highways, without extra revenue; in other words, that they issued bonds and borrowed the money, but these roads were going to be freeways, while, on the other hand, the province decided to build these roads as toll roads. We will say, for example, the amount involved was the same amount. Would that method affect the credit of the province more than partially-limited bonds?

MR. MILNER: In my opinion -- and I would like

somebody to back me up -- I would say if the province is going to spend an additional \$100 million a year on non-revenue roads, it would have a definite effect on the province's credit, as against them collecting tolls on these same roads, or some of these roads.

THE CHAIRMAN: I notice you say, on page 5, of your brief:

"The possibility of financing, constructing and maintaining a toll highway by private interest at a lower over-all cost than would be involved by Toll Authority financing, cannot, however, be entirely ruled out."

I am not aware of any toll road in North America operating on that basis.

MR. MILNER: Nor are we. But there are toll bridges operating -- privately-owned toll bridges.

MR. MacDONALD: On what basis would you say free enterprise should build the roads?

MR. MILNER: We put that in supplementary in our brief, that it is always possible that private enterprise over a period of time might be able to maintain a road slightly cheaper than a government might be able to maintain it. They would be more careful of costs than governments. We are speaking openly, but there is always that possibility. If they

had some money they could take away from the additional cost factor, it would amount to the same thing.

However, we are not suggesting nor recommending.

All we point out in our brief is that there are two different ways of looking at toll roads. As you saw in the paper the other day, somebody was suggesting that. That is possible, if the province wants to consider it.

If you asked for an opinion, I would consider that private enterprise would be more saving when building bridges or highways.

MR. MacDONALD: But you have no evidence to back that up?

MR. MILNER: Well, take the road to Niagara Falls, including the Burlington cut-off. The government might be unable or unwilling to spend \$50 million to build a new road across that cut-off, where a private concern might, under a franchise, raise the money to build it. It would not affect the provincial credit, and the province would have the road.

But I cannot see any possibility of the road, as such, being built by private enterprise, but I might be wrong.

MR. GUNN: If there was such a thing as private enterprise going into the construction and

operation of roads for profit, undoubtedly the effect of the government supplying other free roads in competition must necessarily come up.

If the government were to supply alternate roads, the coming in of private capital would be much less.

THE CHAIRMAN: I can see many difficulties in connection with private enterprise. There is the whole question of acquiring rights-of-way, and all that sort of thing.

MR. AULD: Is there not a situation in New York State where the New York Thruway is building a bridge over the widest part, because the other bridges have franchises, and nobody can build that far up.

THE CHAIRMAN: That bridge is being built by the New York Thruway Authority.

MR. AULD: They built it in the widest part of the river.

THE CHAIRMAN: No. It was built where it is so that the New York Port Authority would have no control over it.

MR. MacDONALD: And they get revenue from it?

THE CHAIRMAN: If they had built it down the river, it would have come under the New York Port Authority.

MR. MacDONALD: What effect would this "1.5 feasibility ratio" which you cite, have, if it was a fully-guaranteed bond issue?

MR. MILNER: Here is one of your difficulties, as we see it here.

In order to protect the credit of the province, we are now looking at it from the viewpoint that these toll road bonds would be sold, let us assume, as fully-guaranteed bonds on a perfectly good road.

If the bonds were issued for the long term -- and what I mean by the "long term" is we do not believe you could issue bonds for a twenty-year term to build toll highways, and have them paid off in twenty years without charging such a huge toll that you would drive the traffic away from it.

There is a reasonable rate of toll, beyond which you get into a minus return, and the difficulty comes, as we pointed out in our brief, that in Canada -- not only in Ontario, but in Canada as a whole -- this country has never borrowed really long-term money.

All our provinces and corporations have had to confine their borrowings to a maximum term of twenty-five years.

The Bell Telephone Company is probably the best example. They are the longest term issuers in

Canada. I think I am right in saying that. They are making a long-term issue.

In the United States, their public utilities are all forty-year terms.

In order to finance toll road bonds here, we think it would be such as to have them pay off at a time too remote to form any liability on the province, and you would have to have from a thirty-year to a forty-year series, which would reduce the cost.

We submit that the cost of forty-year financing -- what it would add on to the interest costs we would not like to say at this moment, but without being held down to it, I would say it would probably cost an extra one quarter of one percent. in borrowing costs to extend your term to forty years.

You can work out the figures here -- and they are here to work out -- on the basis of the revenue highway bonds, as to the extent the difference in interest rates affects the toll.

Working it back, you would have to see how much more toll you would have to get for every one quarter of one percent. rise in the interest rate. We do not have enough supporting evidence to say exactly, but I think somewhere in the neighbourhood of one-half of one percent. in interest, would represent

probably about fifteen cents in tolls.

In other words,,if you borrowed at three and one-half percent. and the toll was one cent a mile, if you borrowed at four percent., the toll would be \$1.10 or \$1.12..

That is some reasonable estimate of where it would be.

MR. AULD: You do not mean \$1.10?

MR. MILNER: No, one cent. I was thinking of \$100 bonds.

MR. MacDONALD: The point I am trying to clarify to make sure I have it clear in my mind is that we have had some investment dealers who have already submitted evidence to the Committee, who said that, theoretically, if it was a fully-guaranteed bond, with the extra .5 feasibility ratio could be reasonable.

Is that .5 formula to protect the credit of the province?

MR. MILNER: That is only on revenue bonds and unguaranteed bonds. If you guarantee them, you can go down to a ratio of just a bare coverage.

Without trying to criticize, may I say if British Columbia issued a toll bond on a bridge, their own estimated tolls would not even make the payments; it is just a small amount of money they are collecting

for a necessary bridge.

But if the province were to build a road costing \$700,000 a mile in a wilderness, where the toll revenue could not even conceivably pay the upkeep, then the guarantee would be that, as far as the province of Ontario is concerned.

But if you could issue a guaranteed bond where the desired revenues would pay out the bond, you would not have to have the 1.5 feasibility ratio.

THE CHAIRMAN: There is another approach to the problem which has been advanced before this Committee, and that is it is not necessary to amortize the full cost of the road.

Supposing you estimate your returns on various engineering factors, induced traffic and so on, and you want the road, but you could not produce enough revenue from the road to carry the full cost of the road on, say, a forty-year basis, you would issue securities for half of it, in which case your revenue would be sufficient to secure the money at probably a very good rate of interest.

MR. MILNER: Yes, and the other half be borrowed directly by the province, or be provided out of the Consolidated Revenue Fund.

THE CHAIRMAN: Being provided by the province,

either from other securities or the Consolidated Revenue
Fund, but separate/^{from} the Consolidated Revenue Fund, in
any event.

I do not know of any state which has done that.

MR. MILNER: No, I do not, either. And we
do not look on it favourably from that basis. We would
like the bond issue as the feasibility ratio would
warrant.

THE CHAIRMAN: You made it very clear that
you have considered the philosophy of toll roads only
from the financing aspect.

But a toll road seems to accomplish two things;

(1) They are improving the development of
the country, therefore, it might be a good idea to
divorce our minds from the idea that it must be completely
self-supporting.

I just cast this forth as an idea.

MR. MacDONALD: Following that up, would Mr.
Milner venture an opinion if, from the investment
dealers' point of view, it would be more difficult to
interest the investors in a situation where half of it
might be on the normal toll-road basis, and the other
half guaranteed by the province?

This seems to me like a new mixed breed. Then,
theoretically, it is a guaranteed bond.

MR. AULD: You mean an unguaranteed bond?

Under some arrangements, the maintenance or construction or something, would be financed by the estimated revenues; in other words, it would be self-supporting.

MR. MacDONALD: We have talked about this new kind of approach without working out the details of how it might be done. Therefore, we are approaching it in an exploratory way, and, conceivably, a portion will be met specifically by a certain amount of bonds, and the remainder met by the province.

My question is, from the investment dealers' point of view, have you ever discussed a \$300 million road before, in connection with which you tried to obtain \$150 million from investors, and the other \$150 million from the province? Is that now a proper thing to be presented to the people of the Nation?

MR. STEWART: In regard to the New York State Thruway: New York State, as pointed out in the brief, guaranteed bonds for, I think it was, \$500 million. The road itself was expected to require up to \$1 billion and the revenue bonds issued had first call on all of the revenues of the road, therefore, the guaranteed bonds were sold on the market, and it did not matter if it was only one dollar, that was sort of a guarantee of New York State.

You can do the same thing here, issue your guaranteed bonds on the credit of the province, and issue revenue bonds, and you could show that the revenue bonds were well covered.

MR. MacDONALD: Is this usual, or is it a new proposition, practically what they have on the New York Thruway?

MR. YAREMKO, Q.C.: It is even better, as far as the investors are concerned, because the province is not putting up a guarantee. It is putting up \$150 million in cash, which I think is an excellent thing.

It is the same as putting a mortgage on a home. You put in your \$8,000 and the lending institution puts in the other \$8,000.

MR. STEWART: But, at the same time, your feasibility ratio on the whole issue would have to be sufficient to support the revenue bond. You would have to be sure the rate would support, at least, that money.

MR. REAUME: Mr. Chairman, I suspect when and if we employ an expert -- I am not trying to hurry you along -- but all this business about how much money we expect to derive from the toll road -- if and when we build one -- should be made known, and I think a competent man would be in a position to estimate the amount

of revenue from this road, as to what revenue it will bring in, in any one period of time.

It would appear, following that line, that our group here could determine whether or not the amount of income in prospect would be a sufficient amount to finance such a road over a period of time, or whether the province would have to pay a portion of the cost of building it.

I think all of that will become more evident and more clear when and if we employ an expert.

THE CHAIRMAN: We have the feasibility report as prepared by the New York Thruway Authority, and I believe they told us it would cost \$40,000 to prepare such a report. Are you suggesting this Committee to that?

MR. REAUME: I do not know whether we have anybody -- I do not know whether there is any motive in your question -- but I want to say this; if we have, within the framework of the Department, a man who is competent and able, I think, right now, while we are talking about these various things and getting opinions from various people, it would be wise if we had an able and competent man working with us.

THE CHAIRMAN: If you have any questions to ask of the Department of Highways, they will be pleased

to produce the answers for us.

MR. REAUME: It has been said that there is a local firm in London which is speaking about the advisability of building a road between Fort Erie and Windsor, and quite capable, I understand, of financing it.

I believe, from the information they have picked up here and there, they thought it would be a paying thing, and a good thing, but I know that no business man would build a store unless he was able to think he was going to do business right from the opening, and he would be in a hurry to build his store and get it open.

That was the general feeling in your home town, Mr. Chairman, when they were speaking about financing a road between Windsor and Fort Erie.

The only thing -- and I do not want to hurry anybody particularly -- is that I do not know whether we have to wait for the townships to have their local elections or not --

THE CHAIRMAN: Let us put it this way; you have made up your mind, whether the rest of us have or not.

MR. REAUME: That is your way of putting it.

MR. YAREMKO, Q.C.: I am led to believe that

Mr. Reaume is of the opinion that the Legislature, instead of appointing a Committee, should have gone out and hired engineers to make feasibility reports.

If that be so, I think he has misconceived the purpose of this Committee. We are not necessarily to present to the Legislature engineers' feasibility reports; we are here to decide the feasibility of toll roads for the province of Ontario.

MR. REAUME: That is correct. I agree with that.

But I also say I think it is a waste of time. While we are working on this part of the job, the engineer could be working on the other part of it now.

MR. MacDONALD: When this new chapter on our private quarrel is over, I have some questions I would like to ask.

THE CHAIRMAN: We might, as I suggested this morning, debate this point in private, when we are not keeping five or six men waiting. Their time is certainly valuable to them.

MR. MacDONALD: I have a question which it might be interesting to explore further, whether Mr. Milner, or his colleagues have any particular choice as amongst the various kinds of deficiency guarantees.

I understand in some jurisdictions they have

assigned a specific amount of money, say, \$5 million, from the gasoline tax; another place may have the deficiency guarantee taken out of the Consolidated Revenue Fund, and, presumably, there are a half a dozen other variations.

Have you given any thought to that aspect, Mr. Milner?

MR. MILNER: Whether the deficiency was cleared by a Canadian bond issue? There was some doubt in the minds of the traffic engineers who did the survey for the Halifax-Dartmouth bridge, whether there would be sufficient induced traffic to fully cover the cost of the construction, and the province was extremely anxious to have the road built, so that rather than guarantee the entire issue, what they did was to say, "We will supply any deficiency, under the Trustee".

For toll roads, if you issue revenue bonds, from the Trustee, in connection with the revenues -- in other words, the revenues from the toll was segregated to pay off the interest, maintenance, and what-have-you, and they should be held separately, that amount of money which is necessary each year to meet the costs.

Let us assume, for easy figuring, it was \$1 million, for a revenue of only \$800,000; then the

province, under the deficiency guarantee, would put up \$200,000.

Now, if we look at it from the point of view of pledging any portion of the gasoline tax, we think it would be more simple to merely guarantee the deficiency, because you obviously would not enter into such a guarantee unless you were assured the deficiency would be of a reasonable amount.

I am not assuming a toll road from North Bay to James Bay, where the deficiency would be 100 percent., but I am assuming a southern road, where the estimated revenue -- unless everybody is wrong -- would reasonably support the project.

MR. MacDONALD: In other words, from the engineering point of view, there is no particular interest in how the deficiency is met?

MR. MILNER: No, Mr. MacDonald.

MR. ROOT: I have been turning this over in my own mind, and perhaps I will get off the rails, too, --

MR. REAUME: What do you mean "too"?

MR. ROOT: This Committee will have to make up its mind sometime as to what we are going to recommend. If we decide to recommend toll roads, we have to decide about the controlled-access highways which are now free.

How would it affect the credit of the province,

if it passed legislation setting up a Toll Authority, and handed over to the Toll Authority all of the controlled-access highways, and then ask the Authority to pay for existing roads over a period of forty years?

The Authority then would immediately have a revenue producer, and the province would have a revenue producer for building other roads.

How would that affect or interest the financing of toll roads?

MR. MILNER: That is quite a question. I presume you mean by that -- let us take a concrete example, the Queen Elizabeth Way, which was made a limited-access highway --

MR. ROOT: Yes, and Highway 400, and parts of Highway 401 are already built.

MR. MILNER: These roads would be turned over to the Toll Authority?

MR. ROOT: Yes.

MR. MILNER: May I, first of all, ask a question?

THE CHAIRMAN: Certainly, Mr. Milner.

MR. MILNER: Is your idea of forming a Toll Road Authority along your present line of thinking, that is, to have it separated from the government?

THE CHAIRMAN: That is Mr. Root's particular

question.

MR. MILNER: We have said in our brief that our recommendation would be to form a second Ontario Hydro-Electric Power Commission.

MR. ROOT: I have in mind a separate Toll Road Authority, and the legislation would give them power to build certain types of roads in certain areas, and the Legislature would say "Rather than backing your bonds, we will give you the controlled-access highways already constructed, and you will pay for them over forty years".

Would that give a lower interest rate in financing?

MR. SCYTHES: If they were going to give them to the Authority, it would involve no capital expenditure at all.

MR. ROOT: Take your present Highway No. 401; sections have been constructed. Suppose you are making it a toll road, but rather than backing the bonds of the Toll Authority, the province gives all the sections which have been built. Then the province would have a revenue producer for forty years, and the Toll Road Authority would have the revenue producer as soon as they put the toll gates in.

MR. JOLLEY: Would you turn all the roads into

toll roads?

MR. AULD: These roads could not be authorization for the Authority to borrow money for further roads, because they would have a debt to pay to the province for those.

Then the province would be in the position of having more money to spend for other roads.

MR. MacDONALD: Would they not be an asset in the sense similar to the Pennsylvania Turnpike, which has been in use long enough that it has built up a fund of several hundred million dollars to build new extensions?

MR. MILNER: Yes, and so has the Authority of New York, which built the Tri-borough Bridge, and it was so provided that they could use part of the profits to build roads in and around New York.

MR. ROOT: We have built limited-access highways in the heaviest-travelled parts of the province. They would naturally be revenue producers, because they have the most traffic.

I am trying to get your recommendations from a financial angle.

Would that reduce the interest rate on any further bonds the Authority would have to sell, to build connecting roads?

MR. MILNER: Following out your plan, the toll Authority would then issue -- I am assuming you are thinking of issuing straight revenue bonds, without any guarantee?

MR. ROOT: Yes, that is right.

MR. MILNER: The revenue bonds, under any circumstances, will bear a higher rate of interest than a province of Ontario fully-guaranteed bond. That is what appears on the securities, and they would sooner have the province's word to pay, than, for instance, the Bell Telephone Company, or the Ontario Toll Roads Commission, or any other such thing, because you are closer to the source of all revenue. However, something conceivably could happen in the next forty years, that would make it impracticable. There is always a risk element in a bond which is not guaranteed.

I think you would be closer to the track if you tried to work it out the other way, what is the effect on the **rate** they would have to charge, if we removed this debt from the province?

I quite agree, if the province of Ontario turned over the Queen Elizabeth Way at cost, which is about 50 percent. of what it would cost now to duplicate, it would obviously be a very paying proposition, therefore, the Toll Authority would have an income.

As they issued their bonds for other roads, the buyers of securities would say, "Here is the Toll Road Authority which has an income of \$1 million a year", and their guaranteed bonds would have the backing which they otherwise would not have.

MR. ROOT: You have another angle, too. You take these roads out of competition with the departmental system.

However, I just raised this point. I have been thinking about it.

MR. REAUME: I am wondering if he is speaking of an instance comparable to the building of the Mackinac Bridge, wherein the state of Michigan put up most of the capital and the operating costs of that bridge in any one year, which appeared to be in the neighbourhood of \$450,000. That is an annual contribution, as I understand it.

MR. MILNER: The Mackinac Bridge is an unprofitable venture. They could not build the bridge, without somebody backing it.

MR. REAUME: Then the State pays a sufficient amount of money to assure the bridge operating, regardless of what happens.

Does not the State of Michigan guarantee the bonds on that bridge?

MR. MILNER: I would not want to be quoted, but I do not think there is any guarantee on that bridge by the State of Michigan.

MR. REAUME: In any event, the province did not guarantee the bonds, and if anything happens to your highways or bridges -- if they do not pay off, it would have some effect on the credit of the province, even though they were not guaranteed by the province, or what-have-you.

After all, it is your duty, that is, the duty of the Committee.

The point is this; that it might be as well to enter into some discussion about the feasibility of guaranteed bonds, for the purpose of getting the lowest possible interest rate.

MR. MacDONALD: Guaranteed bonds in Canada are almost a necessity, because of the necessity of cancelling them and discharging them, because we have hundreds of bonds.

If you have not a guarantee, and have a taxable bond, these two factors will really jump the interest rate very significantly, but it seems to me, in the Canadian scene, the guarantee of the bonds is almost a prerequisite to eliminating at least --

THE CHAIRMAN: I would think your projected

revenue is more important than the income-tax factor.

MR. MILNER: Just a remark in passing. In Vancouver, they have formed a local Authority of some kind. It was a non-profit Authority, to construct parking lots, and the city gave them tax-free land to build these parking lots on.

They are paying an interest charge of, I think, $5\frac{1}{2}$ percent. on the debentures they issued, and it has been quite a profitable organization, as far as Vancouver was concerned.

Vancouver did not have to issue another \$3 million of bonds. The mere fact that an individual may have to pay 20 cents an hour instead of 15 cents an hour made no difference apparently; they filled them just the same.

Theoretically, it would have been cheaper for Vancouver to guarantee the bonds for the parking lots, and charge a parking fee of 15 cents, or whatever it was. But they did ^{it} the other way around.

That has been discussed in the city of Toronto, the city of Windsor, and the city of Hamilton, and I think in two or three others. That is going into the parking business, but if the city guaranteed the bonds here, they could make the rate high enough to make the project feasible.

MR. MCKINNON: It seems to me a great many of these reasons can come back to your original question about the impact on the credit of the province.

It also seems to me there are two factors, one is the impact, insofar as it is a good business proposition; in other words, it is a revenue-producing proposition.

They found, in the course of the financing, the demand-and-supply factor, that is, how many Ontario Hydro-Electric bonds, and how many Toll Authority bonds will be flooding the market. If they glut the market, it will hurt your rate, of course.

If they come out with \$100 million today for toll roads, and another \$75 million for Hydro, it will hurt your rate, so certainly the condition of the market, and the supply and demand becomes very important.

But, let us assume for the moment, you are going to issue fully-guaranteed Toll Road Authority bonds, contrasted with the straight dead weight of the kind referred to, you would get two opinions as far as the impact on the government finances goes.

If your road operated at a deficiency, it would have one effect; if it operated even, it would have another; if it operated at a substantial profit,

over a period of years, I think you would find, in fact, that the guarantee of the whole of that debt would be beneficial to the province.

If you have a good enough revenue situation guaranteed by the province, you are not adding to your general revenue, but your service of that debt is enhanced, as some spills over to the extra debt.

There are two factors; one is, how good is the proposition, and, secondly, the supply and demand of bonds.

That is why we cannot say definitely what kind of securities you want to consider.

THE CHAIRMAN: But there are many factors, other than financing, which affect this, such as the possible development of areas by putting highways into or near them.

MR. MCKINNON: Anything which produces more revenue would enhance the security.

THE CHAIRMAN: That is right.

MR. MCKINNON: And any way in which you can help the debt picture, would help the cost of financing.

MR. MILNER: It is amazing what The Ontario Hydro-Electric Commission has been able to do by always operating at a profit. They have added to the debt of this province, a huge amount of money, but the fact

that Hydro is self-supporting to a very marked degree has made it comparatively simple to finance, and I think that same principle could be applied to toll roads.

The thing I would fear would be the issuing -- particularly at the beginning -- of any type of toll road bonds which was not feasible, in any shape or form.

The other point is to get away from a bond issue entirely, and simply treat your toll road as another form of taxation, and charging so much to get through the gates. That would add nothing to the revenue of the province.

MR. MILNER: We said in the brief that was the first method they could adopt.

MR. STEWART: The problem is the same as in the United States. You can build roads and charge toll, but where will you get the \$150 million to start building? I do not think the province has that kind of money to throw out.

MR. ROOT: The province has its assets, and they are maintaining them now. Why not, instead of backing any further bonds, not just start these revenue producers?

MR. MILNER: You are up against a problem here. If you spend -- politically, I would assume -- \$100 million

on one toll road, there are members of this Legislature, I would think, who would say , "You have built a road around London, why can you not give us a road to Kapuskasing?", so instead of having but one road, you might have two.

THE CHAIRMAN: Of course, the argument contra is that the proportion of taxes per capita is greater here than in Kapuskasing.

MR. SCYTHES: If you turn the road over to the Authority, and levy a toll from London to Windsor, and then build a road from Peterborough to Oshawa and out of the toll funds, are going to pay for the other road, that would defeat the whole thing.

THE CHAIRMAN: We can point out that as regards the New York Thruway, that is, in effect, true. There are large areas in the New York Thruway which are not self-supporting by any means, but inasmuch as it is one project under one Authority, one part finances the other.

MR. SCYTHES: If you charge them twice, once here, and once there --

MR. REAUME: They must start someplace.

MR. SCYTHES: A toll on a particular road should go to the payments on that road.

MR. JOLLEY: I was going to ask the same

question, and I am not trying to be facetious: what do you care now? I drive from Niagara Falls to Toronto on the Queen Elizabeth Way, and I burn gasoline while making the trip. The money I pay for the gasoline tax goes to all the roads in the province of Ontario.

MR. AULD: You are paying the same gasoline tax in Niagara Falls, that I am in Brockville.

MR. JOLLEY: But we are paying it anyway. The money I spend to drive from Niagara Falls to Toronto does not only maintain the Queen Elizabeth Way. So if I drive on a toll road, and part of the money goes to build a road someplace else --

MR. SCYTHES: You might be paying too much.

THE CHAIRMAN: Mr. Root's suggestion is that all controlled-access highways be put under one Authority, and what you take in from one, would help pay the cost of another portion.

MR. ROOT: That is it, Mr. Chairman.

THE CHAIRMAN: For example, on the Pennsylvania Turnpike; the Authority is now giving thought to building another through road across the northern part of Pennsylvania, where they recognize there is not enough population or industry to make it self-supporting, and yet the other roads are all congested.

So what will happen? This big asset they

have built up in the southern portion will be used to build in the northern portion of the State, and once it is established, it will help to develop industry and everything in that area.

MR. AULD: And it gets away from the ordinary toll road, as they told us that once it is paid for, it will become a freeway.

MR. MacDONALD: That is a very interesting point.

MR. MILNER: Most of us will not be here when that happens.

THE CHAIRMAN: Because it has happened in some states in the United States, is no reason why it should continue.

MR. MacDONALD: The question of toll roads becoming free ways, is a very moot one. There they have committed themselves to that policy.

THE CHAIRMAN: It will be no concern of yours nor mine personally, that is sure.

MR. ROOT: A controlled-access road costs ten times as much to construct per mile, but it is safer, and I wonder if all of the types of roads are brought in under an Authority, if that extra benefit would pay the toll?

If so, then you have a revenue producer here,

where you have 30,000 vehicles a day, and if you build the missing links, you will get the road from Windsor to Montreal, or wherever you want to go.

The province would at least be relieved of the responsibility of maintaining and re-building the road.

But, could you get the interest rate down with an asset of that sort?

MR. MILNER: What you are suggesting has been done, as your Chairman pointed out, in New York State, when the New York Thruway -- part of it could be definitely non-supporting -- I am told that out of every dollar collected in revenue, they only get 15 cents or 20 cents from through traffic, and a great deal of it comes from local traffic between "A" and "B", or "C" and "F",

But we have visualized an actual road where a bond issue would be sold, issued by an Authority such as a Toll Road Authority, whereby the series "A" bonds would cover the road, let us say, from Windsor to Fort Erie, and the series "B" bonds might cover the Queen Elizabeth Way from Toronto to Niagara Falls, and the series "C" bonds might cover Highway 401.

They could be issued then in varying forms. In some cases, you might have to fully guarantee them,

and in some cases you might not. Or you could have a combination of all three.

The whole basis of our brief was on the fact that the impact on debt has to be a very major consideration in toll road financing, because, whether you believe it or not, there is no doubt in our minds if Ontario is going to go into toll roads, they will spend a great deal more money than they are spending now.

The money you allocate to highways, will have to be spent anyway, and this is superimposed on top of the annual spending, whether it be \$100 million per year for five years, or whatever the figure is.

So it is very important from the provincial viewpoint that the roads be as close to self-supporting as is possible.

I do not know whether you have thought, in this Committee, of putting a toll highway simply for the sake of collecting a little added revenue which obviously entails the best roads, or whether you consider the toll roads simply that they look like they might be supporting themselves. I would assume the latter was the case.

THE CHAIRMAN: That is a very interesting point, which is of great value to this Committee. We

have worried about it, and have discussed it on various occasions.

MR. GUNN: The investors will examine into that question.

MR. McKINNON: If you decide to put a toll road from Toronto to Hamilton, and build a new toll road from Hamilton to Windsor, and you are going to throw in revenue from Toronto to Hamilton -- that is, part of it -- and the rest of it just hand over carte blanche to your Authority, you would have more revenue than you deserve for the money you spent on the Hamilton-Windsor portion, which would mean your coverage would be better, and I think you could assume that you could get a lower interest rate.

Is that a specific answer?

THE CHAIRMAN: Have any of you gentlemen any further comments you wish to make?

MR. MILNER: I have not. Have you finished with your comments and questions, Mr. Chairman?

THE CHAIRMAN: Are there any further questions any member of the Committee would like to ask of this group? (No response).

If not, may I express our thanks to you, Mr. Milner, and your colleagues, for being with us this afternoon.

I think you can judge from the interest we have shown in your remarks how valuable we consider them, and we are very grateful to you for spending the afternoon with us.

MR. MILNER: We would like to thank you very much for the opportunity of submitting this brief, and we hope that what we have said may be of some benefit to your Committee.

THE CHAIRMAN: It certainly is of great benefit.

---Mr. Milner and colleagues retired.

THE CHAIRMAN: Gentlemen, that winds up the delegations and submissions we have for this afternoon.

Tomorrow morning, as a result of a request made to the Department of Highways by the Committee this morning, we will have information in regard to Highway No. 401, that is, the sections which are now completed, the projected sections, time estimates, and so on, as to when it will all be completed.

That information should be of great interest and value.

The Imperial Oil Company are making a sub-mission to us at ten o'clock. I do not think it will take very long.

What I would like to do, if we have any time,

between ten o'clock and eleven-thirty, is to adjourn tomorrow at noon, for obvious reasons, it being a Friday.

We might give some thought as to what our future programme will be, so if you have any ideas, bring them with you tomorrow.

MR. MacDONALD: Mr. Chairman, I wonder if it would be useful to get this bit of information.

Our Secretary might get it by correspondence. I understand in the State of Oregon, they have devised a procedure for raising more revenue, particularly from trucks. It is some sort of a mileage gauge, so that instead of increasing licenses in sort of a blanket fashion, it is done in a specific way on the basis of the use of the roads.

They provide an alternative way of raising money for what might otherwise be freeways.

THE CHAIRMAN: They have the mileage gauge?

MR. MacDONALD: Yes. I have an article here written by Senator Newberger, which appeared in Harper's Magazine, in which he mentioned this.

THE CHAIRMAN: Would you give that information to our Secretary, and we will see what he can get out of it.

Is there anything further? (No response).

If not, the Committee will stand adjourned until tomorrow morning at ten o'clock.

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---Whereupon at 4:06 o'clock p.m., the further proceedings of this Committee adjourned until Friday, November 25th, 1955, at ten o'clock in the forenoon.

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P R O C E E D I N G S

OF THE

SELECT COMMITTEE APPOINTED BY THE
LEGISLATURE OF THE PROVINCE OF ONTARIO,
TO ENQUIRE INTO AND REPORT UPON MATTER
IN CONNECTION WITH TOLL ROADS IN THE
PROVINCE.

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

Mr. D. J. Collins, Secretary.

VOLUME X

Friday, November 25th, 1955.

Toronto, Ontario.

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E R R A T A

Page 477 Line 11 Insert "and" between "background" and "part".
 Insert "the paper on", between "of" and "designing".
 Delete "it" and substitute "The latter".

Page 503 Line 4 Delete "We could put ours at" and substitute "Our equivalent would be".

Page 508 Line 25 Delete "between" and substitute "To show traffic of".

Page 509 Line 1 Change "miles" to "vehicles".
 Line 2 Change "border" to "corridor".

Page 512 Line 20 Change "border" to "corridor".
 Line 22 Change "border" to "corridor".

T E N T H D A Y

Toronto, Ontario,
Friday, November 25th, 1955,
10:00 o'clock, a.m.

- - - -

The further proceedings of this Committee
reconvened pursuant to adjournment.

- - - -

PRESENT:

Mr. John P. Robarts, Q.C., Chairman,
Presiding.

Messrs. Auld,

Sandercock,

Root,

Mackenzie,

Yaremko, Q.C.,

Child,

Manley,

MacDonald,

Jolley,

Reaume

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. L. D. Fraser, General Manager in charge
of Marketing, Imperial Oil
Company, Limited.

Mr. W. O. Twaits, Director and Vice-President, Imperial Oil Company, Limited.

Mr. W. Q. Macnee, Traffic Engineer, Ontario Department of Highways.

Mr. W. J. Fulton, Chief Engineer of Technical Surveys, Ontario Department of Highways.

Mr. Moore, President of Highway No. 3 Association.

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THE CHAIRMAN: I would like to get under way now; we have a quorum.

Mr. Fraser is General Manager in charge of Marketing for the Imperial Oil, and he has a brief which I have asked him to read, following our usual procedure. Then we will discuss it after we have heard the representations which are contained in it. Mr. Fraser, if you please.

L. D. F R A S E R,

General Manager in charge of Marketing, Imperial Oil Company, Limited.

BY MR. CHILD:

Q. Is there a copy of the brief available?

A. I have a number of copies, but I am afraid I have not enough for the entire Committee. It is an oversight on our part.

Prior to reading this brief, I should mention that it has resulted from an interest that we have had in the controlled-access highway as it has originated in Ontario. I mention that primarily because from our point of view, the controlled-access highway, whether it be a freeway or a toll road, probably has little significance, in our thinking.

The fact of whether a traveller pays to get on that highway or not, really does not alter to any degree our business.

The construction of a controlled-access highway system in the Province of Ontario has already begun and relatively rapid expansion seems inevitable with the continuing growth of vehicle traffic and metropolitan development.

With the completion of the Barrie Highway No. 400, regulations were established governing service station representation on this highway. However, the particular requirements for the Barrie Highway are not necessarily typical of other current and contemplated highway construction. In addition, in the light of experience under these regulations, it appears desirable to reassess the whole question of regulations covering the location, and operation of retail gasoline service stations and food service facilities on these major highways. Obviously, such regulations must be

equitable to the Government, to the motoring public and to the petroleum companies.

With this in mind, we respectfully submit the following brief for the purpose of:

- (a) Examining certain basic considerations which should govern the development of mutually satisfactory regulations, having in mind that conditions on individual highways and between highways will vary, so that flexibility is essential.
- (b) Recommending a general set of rules, within which flexibility can be achieved, and under which petroleum companies can provide the necessary highway service in the best interests of the Government, the public and the petroleum marketer.

In approaching this subject, we have recognized that the regulations must satisfy certain requirements of the Ontario Government which might be generally defined as follows:

- (1) Maintaining scenic beauty which implies limiting roadside commercialization;
- (2) Promoting maximum highway safety;
- (3) Providing essential services at minimum cost and inconvenience to the highway user, with minimum regulation and administration on the part of the Ontario Government.

These requirements, in themselves, imply some form of regulation. The concern of this brief is not the question of regulation, but of arriving at a form of

regulation, which will be equitable to all parties.

Experience in the United States:

It is natural to look at the growth and experience of controlled-access highways in the United States, particularly in the past ten years, and where motoring habits are essentially similar to those in Ontario. To date, no fixed pattern of regulation with respect to petroleum representation has emerged. In fact, considerable controversy is evident as to the optimum program for individual projects or highways.

However, out of this U.S. experience, certain factors emerge, viz.:

- (1) There are marked differences in the type of highway traffic which bears on the requirements for petroleum service facilities. In other words, the commuting highway, such as the Jersey Turnpike, is hardly comparable to the New York State Thruway. Thus regulations that are pertinent to the service of one highway are not necessarily suitable for another.
- (2) The practice of granting exclusive rights to a single company for all service stations on one highway is developing into a major source of contention. In general, it appears that this has not been conducive to good public

relations from the stanpoint of either the Government or the petroleum supplier.

In many States, the law now provides that a sufficient number of stations must be established to promote competition by private business in the public interest.

(3) The limitation of competition between petroleum retail outlets on major highways has resulted in a higher cost of gasoline to the public. A recent survey covering 28 points on limited-access highways in six States, shows that at 25 of these, the motorist paid more for gasoline than at dealer outlets in adjoining areas. In four instances, the differential was less than 2¢ per U.S. gallon; in 14 instances it was between 2¢ and 3.9¢; in 5 cases between 4¢ and 5.9¢ and in 2 instances over 6¢.

(4) There appears to be a general trend toward the separation of petroleum and restaurant facilities, each being tendered for and operated on a separate basis.

We are sure that the Ontario Department of Highways is quite familiar with the experience in the United States, and the difficulty of defining any permanent trends

even after the considerable amount of experience to date. Nevertheless we believe that three significant considerations are apparent which have application to the design of regulations in the province:

- (1) Regulations must be adapted to the particular highway requirement.
- (2) For a given highway project, the regulations must anticipate operation as a completed unit with provision for future growth.
- (3) Undue Limitation of competition inevitably results in an increased cost to the consumer.

Recommendations:

We submit that the regulations should be generally based on the following principles:

1. Location and Selection of Outlets:

Having in mind experience in other areas, it is recommended that in each case, origin-destination studies of travel patterns and traffic generation from cities, be thoroughly studied to determine the optimum number of locations. Such studies will indicate considerably different spacing on various highways. They may also indicate the need for a different type of service, or outlet, between different highways. We believe such studies can be conducted by traffic specialists from the staff of the Department of Highways

with assistance from the marketing research groups from the oil companies.

2. Station Design:

While recognizing the Government's consideration in respect to scenic beauty, it is recommended that considerable flexibility be allowed in the regulations with regard to the type of design and materials used at specific locations. These outlets represent considerable investment per unit of product to the petroleum company. There should be, therefore, latitude in building characteristics including size, number of service bays, pump layouts, etcetera, according to the estimated traffic flow at this location. As an example, the requirements on the Barrie Highway cannot be the same at the mid-way point on the highway as at the Toronto end of the highway.

3. Restaurants:

Our studies of existing restaurant-service station combinations, together with information from the United States, indicate that food service facilities are, in most cases, not compatible with gasoline retailing. These studies indicate, amongst other things, that less than 5% of the motorists, driving into the location to patronize the restaurant, use petroleum service facilities; conversely, less than 5%

of the motorists, driving in for petroleum service, use the restaurant facilities. In peak periods this results in a conflict of traffic to the detriment of both facilities. In addition, these same studies show that the average restaurant sale is approximately 50¢, which would indicate that the type of food facility should vary considerably according to the needs of the highway customer.

Accordingly, it is recommended that:

- (a) Food service should only be provided if studies warrant such at specific locations.
- (b) Full restaurant facilities should be tendered or operated separately from gasoline retail facilities, even though located adjacent to the latter.
- (c) For each highway, studies should be made by the Department of Highways, in conjunction with petroleum companies and restaurant organizations, to determine which locations require a full-scale restaurant, snack bar or automatic food-dispensing unit.

4. Leases and Tenders:

We submit that the prime considerations in disposal of retail gasoline locations to petroleum companies are as follows:

- (a) No single company should have exclusive rights on a highway.
- (b) There should be sufficient competition to insure a competitive retail price to the public.
- (c) The petroleum company is entitled to a normal business risk, in employment of its capital at these outlets.

On this basis, the most important consideration is security of tenure for the petroleum company to invest capital in these outlets. Such tenure should not be limited by reversion obligations.

Specifically, it is recommended that:

- (i) Not more than one-third of the total number of outlets on one highway should be under one company brand. Brand acceptance is important to petroleum marketers, and representation to adequately service credit card customers is essential to every marketer.
- (ii) Depending on the type of food service requirements at individual locations as covered in item 3, locations for service stations and restaurants should be tendered separately.
- (iii) Tenders on a lease basis should be made for ten years, with two options of renewal for ten years each, at the same rental. If the option

is not taken up, the Government would call for new tenders. In this case, the new company who is awarded the location, should pay to the original investor the total capital investment for improvements, less one-twentieth of the diminishing balance for each year of the original company's occupancy of the premises. If no new tenders are received, the original company should have the opportunity to negotiate a new rental agreement with the Government.

- (iv) Tenders for all locations should be called for each completed section of controlled-access highways at the same time and should be permitted for all or any number of these locations. Acceptable tenders should be awarded according to indicated site preference. This is necessary to give petroleum companies an opportunity to plan a distribution pattern in keeping with full operation of the highway.
- (v) Recognizing changing conditions over a period, it is suggested that after the original number of locations are allocated, a petroleum company can petition the Government to establish new locations, provided that the need for the site is demonstrated by traffic analysis; the petitioning company does not have one-third of the

stations on the highway, and that the site is open to bidding to all companies not having one-third of the stations.

5. Operations:

In keeping with the emphasis on flexibility to meet varying conditions, it is recommended that operators be allowed to apply for adjustment in hours-of-operation in accordance with traffic fluctuations. This is particularly desirable where seasonal peaks are extreme.

SUMMARY AND CONCLUSIONS:

The foregoing recommendations imply:

- (a) Examination and possible revision of regulations, prior to calling for tenders on each highway project.
- (b) A considerable degree of consultation between the oil companies and the Department of Highways.

In order to carry this out, we respectfully suggest that the petroleum marketers be allowed to examine and comment on proposed regulations prior to their establishment for each new highway project; that the Department of Highways consider such comments prior to calling for tenders. We would be happy to make available to the Department, the facilities of this company's marketing research group at

any time.

It has been demonstrated conclusively that free competition between the petroleum marketers has resulted in maximum service at minimum cost to the public. It is the opinion of this company, that within the general requirements of controlled-access highways, this competition should be preserved in preference to arbitrary allocation or empirical formulae for the disposal of locations.

In respectfully submitting the foregoing, we would be glad to provide additional information or explanation at your request.

(page 762 follows)

BY THE CHAIRMAN:

Q. Thank you, Mr. Fraser. We are open for any discussion on the brief. I have one point on which I would like some clarification: are you suggesting, Mr. Fraser, that the gas and restaurant facilities be separated completely as far as entrances and exits to the highway are concerned?

A. I do not think it necessarily means they should be separated as to entrances and exists. I think it is conceivable they might be adjacent to one another, but I think the petroleum business, as opposed to the restaurant business, is so different, that to have the two in one operation, is unsatisfactory.

Q. You could phrase it this way; they can be related geographically, but not management-wise?

A. That is correct.

Q. You are not suggesting that there should be any doubling of the number of cut-offs to the highway if they were separated?

A. I think the same number of cut-offs could be retained. It might be necessary to increase the space facilities, or there might be congestion in the traffic from both the restaurant and the service station.

MR.TWAITS: I think fundamentally this is the problem. Restaurant facilities must differ. There

might be a snack bar at one place, and a large restaurant at another place. It is the difference between a man who runs a snack bar, and a skilled restaurant operator who would be required to handle the large one. The snack bar very often goes with the normal service station.

BY THE CHAIRMAN:

Q. There is another point involved in this. You say in your brief that research shows that a man usually wants to stop at one place for gas and another for food. I thought that was inherent in your brief.

A. I think it would appear that way, but from the studies which indicate the cross traffic between the two, I do not think that necessarily applies.

MR. TWAITS: I think you could draw a statistical conclusion from all these facts which have been gathered over a long period. The conclusion they present to us is that about 5 percent. of the people, -- or less than 5 percent., -- who come in for one service, employ the other service. I do not think that implies that they want to stop at two places.

BY MR. MacDONALD:

Q. Might I return to the original question. If you have the two of them adjacent, are you still not going to have the problem which you are focusing your attention on?

A. That the two traffic flows would combine?

Q. The implication I got from your original brief was that they should be separated, because if you have them together, you are going to have complications in your traffic flow. Now you are suggesting they could be adjacent, but presumably using the same exit lane. That seems to me to be contradicting what I thought was the implication.

MR. TWAITS: I think we should clarify that point. If you have gasoline pumps right in front of a restaurant, our study shows there is conflict of traffic. If you have a set of gasoline pumps over here (indicating) and a restaurant there, (indicating), you are still on the same ingress and outlet, but you do not have that conflict.

MR. CHILD: Have you any opinion regarding toll roads against freeways?

MR. TWAITS: As a matter of petroleum representation, as long as it is a controlled-access highway, I do not think it makes any difference to us whether it is a toll road or a freeway, as long as it is a controlled-access highway with regulations pertaining to petroleum representation. I am speaking purely from a petroleum marketing standpoint.

BY MR. MANLEY:

Q. In your opinion, what is the distance that you

think should be between outlets for your products?

A. Entirely according to the study of traffic flow, in my opinion, sir.

MR. TWAITS: In this brief, I think we should be quite frank in discussing this, you can get many pro and con arguments on this point. At first it was suggested they be at the maximum of 25 miles apart on the highway. I do not mean 25 miles here (indicating) and not here (indicating); I mean 25 on both sides of the highway.

Then again, we realized it depends on the particular type of highway you are operating on, whether it is/commuting highway or a cross-province highway, or whatever its traffic pattern is. For example, there would be a considerable difference in the spacing of outlets required on the Queen Elizabeth Way, from that

on the Barrie Highway. So there is no magic number we can give you. The thing to do would be to sit down with representatives from the Department of Highways, when the plan is first contemplated -- not the first stretch that is built, but the original plan of the highway -- to get a logical traffic analysis of the highway which would show how many outlets are required, on that stretch of 50, 150 or 200 miles. That number may change over a period of time. In our brief, we

provide for the fact that they may require additional outlets as time goes on.

MR. MANLEY: Take a specific instance. Would you consider there are sufficient outlets on the Barrie Highway now?

MR. TWAITS: Since we are not on the Barrie Highway, I think you should ask someone else about that; however, I think the Barrie Highway, in its present form, represents a very difficult problem, because there is a seasonal variation in the traffic. What is suitable regarding outlets and restaurant facilities in the heat of the summer period is completely unsuitable during the winter. You must also take into account whether the outlet is close to the city of Toronto or not. The Barrie Highway is probably one of the best examples which you have of the necessity for flexibility in thinking and planning a long way ahead, rather than on a short-term proposition.

MR. MANLEY: Would you care to comment on the volume of traffic which you think would be necessary in order to successfully operate stations say 25 or 30 miles apart?

MR. TWAITS: It is entirely a question of how much money you have put into the station. As far as the petroleum company goes, it is an investment per unit

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recent one in 1950, but no further surveys have been made.

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of product.

To put that in a simpler form, if you can devise an outlet for \$25,000, perhaps you can stand a volume of 100,000 gallons. However, if you spend \$250,000, you have to have five or six times the volume. It is purely an economic proposition, and I do not think there is an average. Perhaps Mr. Fraser would comment on that.

BY MR. MANLEY:

Q. Mr. Fraser, would you care to comment on that?

A. I do not think there is a figure you could place on that. Again, it varies between highways.

BY MR. ROOT:

Q. I am interested in Highway No. 3. Are you suggesting in the brief that competition could save the motorists as much as six cents a gallon?

A. It turned out that way in several instances in the United States.

MR. TWAITS: All we can do is to look at the retail price to the customer at that point, and compare it with the retail prices at adjacent points along the highway. By that comparison, our statistical analysis has shown in some cases it is six cents a gallon higher.

MR. CHILD: Do you not have control of prices on your product in Ontario?

MR. TWAITS: No, we have nothing to do with the retail price. We just sell wholesale to the dealer, and it is his own business from there on.

MR. CHILD: Do you have no control even over those who sell your products?

MR. TWAITS: No.

THE CHAIRMAN: We have an illustration of that in London. We have had a price war in London for two or three years now; it never stops.

MR. CHILD: I should buy my gas in London.

THE CHAIRMAN: You should, you can get it cheaper.

MR. TWAITS: If we ask anybody in this room what they are paying for gasoline, I doubt if they could tell us.

MR. YAREMKO, Q.C.: Forty-four and one-half cents.

THE CHAIRMAN: Thirty-eight and one-half cents.

MR. YAREMKO, Q.C.: That is because of the credit card method.

THE CHAIRMAN: I would like to ask about the credit card situation. I failed to ask questions about this in the United States when we were over there.

Supposing the station was run by one company; what does the man do who uses a credit card of another company?

MR. TWAITS: Pay cash.

MR. CHILD: Some service stations say, "We accept all credit cards". Is there any reason why that cannot apply on a controlled-access highway? It could be one of the stipulations in the tender.

MR. TWAITS: What you are saying is that the credit evaluation we make in regard to our customers should be made available to anybody. That is hardly a principle that you can exercise in any business.

MR. CHILD: Some stations are doing it now.

MR. TWAITS: Yes, but they are making use of somebody else's credit system.

THE WITNESS: There is no inter-change of credit facilities. In other words, if a customer holding one of our cards purchases at a competitive outlet, the billing comes from the competitive company, it does not come from us.

MR. TWAITS: Those signs you are referring to only mean that that person has said, "I will take an Imperial Oil credit card, or any other credit card, and I will accept that credit card." This purchaser has a certain credit risk and the operator bills it himself

THE CHAIRMAN: He bills it direct from himself, it does not come from you.

MR. TWAITS: No.

MR. MACDONALD: He does not?

MR. TWAITS: No.

MR. CHILD: He bills the customer direct?

MR. TWAITS: Yes, either the operator or his supplying company and not the company who issues the credit card, because we would not accept bills from any other company.

It is like a man who has a letter from the bank. He can say to anyone, "My credit is good because I hold credit with another company."

MR. MACDONALD: I thought some arrangement was worked out comparable to the railways where a person can buy a ticket and switch from one railway to another and somehow or other they decide who should get what.

MR. TWAITS: No, sir, we do not operate it that way.

MR. CHILD: Is not that a risky business?

MR. TWAITS: Yes, because at that time he might be a bad credit risk.

MR. CHILD: What would you suggest? Supposing there are eight or ten companies operating with credit cards and only room for four or five stations. You still have the same problem.

MR. TWAITS: That is a competitive matter which arises every day any place. Every day people are trying

to establish outlets. It is a part of our every day business, if I might put it that way.

BY MR. YAREMKO, Q.C.:

Q. You mention in your brief twenty-eight outlets which you surveyed.

A. No, we should clarify the fact. We did not make that survey, it was reported in the National Petroleum News three months ago.

Q. There would be many more than twenty-eight outlets?

A. Yes, these were twenty-eight picked at random, and out of the twenty-eight there were three where the price was either comparable or lower.

BY MR. MacDONALD:

Q. They were picked at random?

A. Yes, according to the National Petroleum News which is a trade magazine.

BY THE CHAIRMAN:

Q. It amounts to an additional toll, because in the places where the twenty-eight were taken from, the Toll Authority required certain standards of construction which takes a certain share of the profit; therefore, through the toll facilities it is, in effect, charging an additional toll to the road, because you still have to adjust the price to make your operations profitable to the dealer and pay

these amounts that are required?

A. Yes.

BY MR. MacDONALD:

Q. In other words, your wholesale price will be the same on this highway in any event?

A. Yes, we have the wholesale price that we call "the dealer's tank wagon price". We have to sell at that price.

MR. YAREMKO, Q.C.: Would it not be up to the Toll Authority in its agreement to specify that the gas could not be sold at a higher rate than it was being sold in adjoining areas? It seems to me that on the New York Thruway they have that controlled even to 1/16th of an inch specification on the price of a slice of ham.

THE CHAIRMAN: It is slightly less fancy than we saw down in the Garden State Parkway where it was extremely elaborate. They told us that a million dollar investment in one service center was not at all unusual, and as these gentlemen point out someone has to pay for it.

MR. TWAITS: To answer your question, I do not see how you can do that unless you are prepared to fix the investment per barrel in the outlet, or someone will operate at a loss.

MR. YAREMKO, Q.C.: It seems to me these tenders on the New York Thruway were made in such a way that all the

specifications were set out. I was not joking when I said the width of the slice of ham, the type of bread and the amount of butter that went on it were specified as well as the price.

MR. TWAITS: That is the tender, not the retail price.

MR. CHILD: It is specified in the tender what the price would be and what that amount of money would buy, as well as what would be contained in the article that so much money would buy.

THE CHAIRMAN: It was a minimum amount. You could go beyond that.

MR. TWAITS: The Thruway, too, is employing the service road, and the approach with a commercial center on a service road.

THE CHAIRMAN: I am not certain about the New York Thruway.

MR. TWAITS: That is what they are working on.

To summarize our position there are two points here: The question of service to the customer in itself demands a variety of brands on any one stretch. Everyone has his own preference. Secondly, this is primarily an economic question as far as the establishing of outlets is concerned, because the industry operates on a very narrow margin, and on that basis anything which increases the cost per unit of product with the investment cost per

unit of outlet is inevitably going to result in a higher cost to the customer. It does not matter how you do it, if you spend more per gallon of sale, the customer must pay more.

MR. CHILD: Consider the Clans, for instance, at Burlington, they can afford quite easily to put up an establishment three or four times the cost of most outlets in Ontario because they have the tremendous volume there. Is that not correct?

Another instance, would be Prudhommes. The service station there could afford an investment three times as much as most can. I understand one of the supervisors of the oil company quit his job because it was such an excellent location, and went into business for himself. They can afford to spend more on such locations.

MR. TWAITS: It is a question of how you rate the word "afford". A man can be carrying on what he considers to be a successful business, and I wonder where you can draw the line and say, "You are carrying on a successful business and you can afford to put more in it than you already have."

MR. CHILD: The Clans have half a million or so gallons. It is a tremendous figure. I understand one hundred thousand gallons is considered a good gallonage for stations.

THE WITNESS: I would not say so.

MR. TWAITS: No.

MR. CHILD: Is it not?

MR. TWAITS: No, sir. Again it is a figure of one hundred thousand gallons which must be related to how much you can put into it.

MR. CHILD: That is exactly what I was getting at.

THE WITNESS: Competition can step in any time and probably alter the volume that goes through the station which would make it immediately uneconomic.

MR. CHILD: Of course the Clans is situated with stations all around and they still do a thriving business.

THE CHAIRMAN: Of course I do not know what type of contract exists on the Barrie Highway, but in the United States the amount which must be paid for the location is based on the gross profit, which brings Mr. Child's question into line, because your rental to the Authority is directly in proportion to the amount of money received.

MR. TWAITS: There are two aspects to that, Mr. Robarts. One is, they bid on the gallonage and over and above the bid they make there is a percentage of the gross profit after they have reached a certain level of gallonage. So, in effect, they are paying for the

privilege of having the outlet on a gallonage basis, and after they reach a certain gallonage they pay a portion of the profits.

THE CHAIRMAN: Yes, and they are paying also for the monopoly which they enjoy.

MR. TWAITS: That is right.

THE CHAIRMAN: If you have an extremely profitable gasoline station.

MR. CHILD: Someone will build next door or down the road, but on a controlled-access highway they do not have that opportunity and the oil company which enjoys the monopoly is not allowed to retain the entire profit, because they pay, for the privilege of being there, an amount based on the amount of money they make.

MR. TWAITS: That is right. It is not too different from the system presently laid down for the Barrie Highway where you are bidding on a lease, because in bidding on a lease you are bidding in cost form, the same as you are bidding on gallonage. It is a different form of approach, that is all.

MR. CHILD: Do you pay a percentage of gross over a certain figure?

MR. TWAITS: No, I cannot say. We have no station on the Barrie Highway.

MR. CHILD: Well, speaking as a collective industry, whoever does have a station there.

MR. TWAITS: Basically the bid is on the lease which is for 15 years at which time it reverts to the government.

MR. CHILD: Is it a flat rate?

MR. TWAITS: Yes, it is.

THE WITNESS: No.

MR. TWAITS: No it is not right. We stand corrected. We should not be talking about this because we do not have a lease.

MR. ROOT: As I understand you brief, you are not suggesting more outlets on the road to stimulate competition, but that one company or one tender be limited to a third of the outlets?

MR. TWAITS: Yes, what we are trying to say is that on any highway project, in the first place, let us assess the highway and see what kind of a highway it is. We should establish at the outset whether the highway will need ten, twenty or fifty outlets. That point should be established so that the industry knows "right off the bat" that eventually you are going to provide fifty outlets.

Our reasons for that are these: That if the industry does not have that plan it cannot measure how many outlets will be there, and there will be no measure of how much gallonage they can draw out of it and what their investment risk should be.

MR. CHILD: Could not the Toll Commission run

everything? Then the risk would be with the Toll Commission.

MR. TWAITS: I guess they could, but we feel it is our business and we are prepared to take a gamble, if it is a fair gamble.

MR. MacDONALD: I suspect most toll authorities feel they have a big enough bond issue on their hands at the time and do not want to extend it by building service stations too.

MR. TWAITS: I refer you to our friends on the Barrie Highway. A station on a controlled-access highway is entirely different from one in the suburbs. You cannot link a station on a controlled-access highway to a corner station in the suburbs.

THE CHAIRMAN: In due course, we will have representatives before us from the companies who are represented on the Barrie Highway, and perhaps we can save these questions until then.

MR. MacDONALD: I have one question which I would like to ask. On page 8 of the brief you state:

"Tenders on a lease basis should be made for 10 years with two options of renewal of 10 years each at the same rental."

MR. TWAITS: Yes.

MR. MacDONALD: Why must there be a stipulation as to time? You might assume, for example, in the interval

the traffic on that highway has doubled or trebled, which is quite conceivable on this type of highway.

MR. TWAITS: That is part of the business risk we want to take. By the same token, traffic patterns may change entirely during the ten-year period as happens every day around the country. What was a good station becomes a poor station, and it shifts all the time.

MR. MacDONALD: Why not have a re-assessing of rentals? Why the stipulation it must be at the same rental?

MR. TWAITS: You have to have some period of time in business as a basis.

BY MR. MacDONALD:

Q. But the lease assumes that 10 years is presumably a fair period for the investment involved. Why must we have the tribulation of having the same rental?

A. The ten-year period is a direction to the company; we have the possibility of withdrawing from the situation, rather than a guarantee that that is an adequate term in order to provide a return on the investment.

I think you have to maximize profits over a period of the long-term investment which roughly is 30 years, and the station would probably last 30 years.

MR. TWAITS: It might last 30 years, but not in its original form. You keep putting capital into

these places all the time.

To repeat what I have said already, if you have a plan to start with of how many outlets there are going to be so that you can look at a long period of time over a given stretch, then you have some idea of what will be required and you can limit the number of stations on the road.

MR. CHILD: Does it not simply say, "If business is bad, you can vacate; and if business is good, you can hold on to it?" It is almost a guarantee that you will come out even at the worst, because you even specify how much the other companies pay for the establishment.

MR. MacDONALD: You can get out if it is bad, but you can stay in if it is good.

MR. TWAITS: You are only dealing with oil in the lease which is one item, and is not the entire cost of the operation at all.

What we are saying is, let us make it flexible enough so that if the conditions change substantially you can open it up for new bidding or request additional outlets on the highway. That is all part of a given pattern. I do not think you are giving us any measure of assurance nor are we asking for any.

MR. CHILD: If it is bad, you can drop out.

MR. TWAITS: We are offering the suggestion, that is all.

MR. MACDONALD: It seems to be putting a limitation on the flexibility.

MR. YAREMKO, Q.C.: In our expanding economy, leases in the last ten years have changed a great deal. At one time the same rental was charged ninety-nine percent. of the time, but renewal agreements are tied in with arbitration as to rental, or fixed to the index of living. Most renewals I have seen on commercial leases have the flexibility right in them

MR. TWAITS: In the ordinary course of our business we go out and acquire a piece of property, put our money into it, and maybe ten years from today there is a shift in the traffic patterns and it is no good. We have to do something with it, so we will sell it or get rid of it somehow. That is part of daily business.

What we are trying to say is, as far as possible recognizing there cannot be any limitation of commercial competition along the highways, we want normal business competition. We have spelled it out here in generalities.

MR. CHILD: What if the Toll Commission built all the outlets and leased them to individuals to choose whatever type of gasoline they wanted to put into the station. They would build them for you or whoever could make the best deal or give the best service. What would be wrong with a service like that? Would it not be equitable for everybody?

MR. TWAITS: In the first place it seems to me that is putting the province into the gasoline business.

MR. CHILD: No, we are simply renting facilities on the toll road.

MR. TWAITS: If you have invested money in the outlet, you are an investor in it.

MR. CHILD: You would be in much the same position as if you built an arena and rented out concessions. It is the same type of thing and the people who own the arena are not in the concession business, they own the facilities and they expect to get a profit back.

MR. TWAITS: My answer to that would be, it is equally applicable to any form of business along the highway, and I could not agree with such a policy because I do not believe in that form of operation. I do not think it is necessary or desirable to put public funds into that kind of business.

MR. CHILD: Speaking of toll roads in particular, they are for one purpose; to raise taxes. We do it on gasoline so what difference would there be if we put the buildings up and got more taxes from building an outlet? The people would get just as good service; the facilities would all be the same and they will all be of standard design. The only people who might object would be the big oil companies, but their product would be used providing they could sell their product to an individual who

would bid on a lease.

MR. TWAITS: I frankly think you are getting yourself into all the headaches of the marketing business, because you cannot be a disinterested observer once you put money into an outlet. You are, in effect, in the business.

MR. CHILD: As long as the money is coming in on a lease, what happens to the business is no concern of ours any more than if I rent a store to a restauranteur who cannot keep up his business.

THE CHAIRMAN: You have to decide on the tenant to whom you rent. He is either good or bad, and if he is bad you are in the oil business. However, every man is not an efficient business man and you know who will receive the complaints the minute service drops off. If the government owns the facility, where will the complaints go?

We get that now on the Barrie Highway if conditions are not good, although we have nothing to do with it. I think you will find a member who is not here will get complaints because there is not good service, because there is not sufficient to keep the public happy. It is not the oil company that gets the complaint.

Are there any further questions that any member of the Committee would like to ask either Mr. Fraser or Mr. Twaits? If not, may we say "thank you" on behalf of the Committee for appearing before us this morning.

We appreciate it and have found it interesting and instructive.

MR. TWAITS: Thank you, gentlemen, we have appreciated it too, and have tried to be constructive.
----Whereupon a short recess was had.

----On resuming.

W. J. FULTON,

Chief Engineer of Technical Surveys, Ontario Department of Highway, a witness appearing before the Committee, but not being sworn, deposes and says:

THE CHAIRMAN: We might get under way again.

BY THE CHAIRMAN:

Q. We have here a map which was prepared by the Department of Highways in answer to some questions which were raised yesterday as to the present state of Highway No. 401 and the timetable, is that correct, Mr. Fulton?

A. Yes, as far as we know definitely.

Q. As Director of Planning for the Department of Highways would you please explain this map to us?

A. The sections outlined in green are already open to traffic. That is 17 miles plus the single lane between Gananoque and Brockville. The two lanes are graded. We will have an additional 84½ miles in operation

by the end of 1956, which is shown on the plan in blue.

Q. That will be in operation by the end of 1956?

A. Yes, that is the section 26 miles east of Windsor which is now being paved, and the 35 miles south of London, the easterly section of the bypass.

We have under construction an additional 66 miles of two-lane and 17 miles with the south lane only. That 17 miles is around the Seaway Valley from Iroquois to Aultsville. We are only building one lane now, not because it will adequately take care of the traffic, but in order to get traffic around the flooded area as soon as possible.

For 1956, we have an additional 23 miles shown coloured yellow which is the extension of the Toronto bypass and westerly to No. 10/ from Trenton to Brighton, and from Brockville to Prescott. This involves an additional expenditure of \$18 million in 1957 to pay for the work that we will have started.

These sections are selected. For instance, regarding the section around London, there is a bad traffic condition between Woodstock and London and this constitutes a complete loop which leaves No. 2 Highway at Eastwood and goes to No. 4 west of London. That is the purpose of most of these sections. They are long enough to relieve congested sections of traffic and then come back to No. 2 where the traffic can be taken care of.

Mr. Fulton, when will the 66-mile stretch be

completed, or is it completed now? I just do not understand. That is the orange section, the third-coloured section.

A. The red sections. Between Belville and Trenton the road has been graded and it will be paved.

Q. Is there traffic on it now?

A. No, there is not, because it takes you through Trenton and you have to go 6 miles to get on to it. So we built from Belleville to Marysville to get down to No. 2, and west of Trenton to get down to No. 2.

Q. Then you will be able to turn up at Brighton to get on this stretch and bypass Trenton and Belleville, coming out at Marysville, and then coming back down again?

A. Yes.

Q. That road is not open now. When will it be available? What is the timing on that?

A. It will be open in 1957, I would say.

Q. Then what about the yellow section of 23 miles at the Toronto bypass?

A. It takes us about three years to open up a section. The grading, culverts and structures take two years and the third year is required for paving, although we might get to the paving at the end of the second year.

BY MR. CHILD:

Q. Is the reason for the three-year period because of lack of funds, or because there are not enough companies

available to do that type of work?

A. It is neither. We have funds and the companies are available. But you get started in the spring, and to get the structures built and the grading done takes about two years. That has been our experience all through the picture.

BY MR. MacDONALD:

Q. Is the time not also required for settling on the bases of the road?

A. Not particularly. We take soil analyses and lay the material in layers, and it is all there as we go along, except under certain soil conditions.

There is one place near Prescott where we are going to grade it this year and leave it for a year to settle on high fill. But generally that is not the case.

BY MR. CHILD:

Q. Even if funds were made available through tolls, we could not expect to expedite construction of highways, is that correct?

A. I think they could not do it in less than two years, certainly. I would think it would run into the third year, the first part of the third year, anyway.

BY MR. MANLEY:

Q. Mr. Fulton, you mentioned under construction 17 miles from Iroquois to Aultsville to take care of the Seaway development?

A. Yes.

Q. In the proposed work for 1956, there does not look to be anything east of Aultsville, and the major work on the project seems to be on the power dam which is just west of Cornwall.

A. That deals with Highway 401. There is a small section west of Iroquois where No. 2 will be developed $1\frac{1}{2}$ miles. You can go along No. 401 for 17 miles and down the county road at Aultsville to reconstructed No. 2 Highway at Aultsville. That will be the first bypass of the flooded area, and we are letting another contract for 10 miles for the first of next year east of Aultsville.

Q. But you do not propose to do anything with No. 401 along that area, even next year?

A. Back of Cornwall?

Q. Yes.

A. No.

BY MR. YAREMKO, Q.C.:

Q. That is brought about by the relocation of the highway now, is it, that 17 miles?

A. Yes. It is due to No. 2 being flooded out, or it will be flooded out by the Seaway.

BY MR. MANLEY:

Q. Do I take it there will be no No. 2 west from Aultsville?

A. No, but regarding the timing of the relocated

No. 2 Highway west from Aultsville, it will be constructed later than 401. One lane of Highway 401 will be ahead of that.

Q. From Aultsville east to the relocated No. 2 Highway will be built before Highway 401?

A. Yes, 12 miles of it is open now.

Q. In other words, the building of the relocated No. 2 Highway is holding up the building of 401 in that particular area, is it?

A. No. Our problem was, we started No. 2 west of Cornwall about two years ago and we can extend it. It is under contract, to Aultsville now and that will be completed. No. 401 is also under contract.

This was the case. We could either complete relocated No. 2 Highway around the flooded area, or we could combine relocated No. 2 and No. 401 around the flooded area, whichever we could do first. There was quite a bit of discussion as to where relocated No. 2 would come west of Aultsville, but there was no discussion as to where 401 would go west of Aultsville, so we built a road that we could get right on with which was one section of Highway No. 401.

Q. Is the definite route of No. 401 established right through that area at the present time?

A. I think it is but I have to go down and talk to Cornwall Council first.

Q. The same old problem comes up?

A. Yes.

Q. Can we assume that the mileages that you have shown in the colours are the mileages which will probably be completed by the end of 1957?

A. Not all the colours. The red sections will be ready about the end of 1958 or 1959. By 1959, of the total 515 miles we will have half of it open.

Q. Is this half?

A. It will take three years to build the last 23 miles.

BY THE CHAIRMAN:

Q. So that the fourth colour, reading from the bottom up, will bring us to the beginning of 1959, is that right?

A. Yes.

Q. And the 66 miles?

A. Will be ready in 1957.

Q. And the 84.5 miles by 1956?

A. Yes.

Q. And the 72 miles is presently open?

A. That is right.

Q. And the total of these four figures is what?

A. About 245 miles.

Q. Which is approximately half the total?

A. Yes.

Q. Can you answer this question? Can you give us any estimate as to when the balance of the road will be completed?

A. No, it will depend upon how much money the government decides to spend on this. Quite recently we have been busy with the Trans-Canada Highway and we have had to accelerate our operations there in order to get some money from the Federal Government which might affect this.

BY MR. CHILD:

Q. If toll money were available, 401 would be completed sooner than it is projected in the future, is that right?

A. Beyond 1956, we do not know how much money we will get. But if we get a lot of money, I suppose we can do a great deal of work.

THE CHAIRMAN: We can build a lot of roads.

BY MR. CHILD:

Q. The more contractors, the more stretches that are done all the way down the line?

A. I think so, but I do not think we can do more than we are doing right now. We would soon exhaust our contracting facilities.

Q. That is to say, we could only go so far regardless of how much money is available, and after that it is a question of equipment and contractors?

A. Yes, I think so. I do not know what the position of the contracting people is, but this year we are getting fewer bids on our jobs, indicating some of the contractors have as much work as they can handle.

BY THE CHAIRMAN:

Q. We might anticipate an increase in the number of contractors, I suppose, if there are sizeable contracts to be awarded. That has been no factor to date?

A. No.

Q. I gather you have shown on this map the plans for the more difficult sections of this road, and that the balance after these sections are completed is a little easier construction. Is that a fair comment?

A. Not difficult from a construction standpoint, but we thought they were the critical traffic congested points of No. 2 Highway.

Q. That stretch from west of Tilbury to No. 4 Highway, south of London, is a relatively simple stretch of highway to build?

A. Yes.

Q. And it represents a large portion of the mileage here?

A. Yes.

Q. And from Eastwood through to the bypass, that also is in the same category, is it not?

A. Yes, it is not very difficult.

BY MR. YAREMKO, Q.C.:

Q. The cost of right-of-way for the parts that are not shown in the dotted line would be much below the cost of the right-of-way of the section you are working on now. Is that not right?

A. Yes, I think so.

BY THE CHAIRMAN:

Q. Has the right-of-way all been acquired?

A. No it has not. We are acquiring it. The line has been decided, and I suppose the next section that might be built might be from Toronto to Kitchener and from Newcastle east to Port Hope.

BY MR. ROOT:

Q. Is the line definitely decided from Toronto to Kitchener?

A. Yes.

Q. This is the line?

A. Yes.

BY MR. MACDONALD:

Q. One of the \$64 questions that we have been "kicking around" is the question of the advisability and the possibility from a number of points of view, including politically, of switching present 4-lane controlled-access highways to toll roads.

Relating to that, it was mentioned yesterday that what we are doing on 401 is building those parts of the

road on which most of the traffic is carried now as 4-lane controlled-access freeway. Is that the case, are we not making it more difficult to switch it to a toll road if it is a logical toll road?

A. I think the sections which we are building are certainly the sections that have the most traffic congestion on them.

Q. If it is a difficult decision, the longer it is left the more difficult it will be.

A. I do not know.

BY MR. YAREMKO, Q.C.:

Q. If this map were superimposed on the strip map that Mr. Macnee provided us with, we would discover that where the scale was the widest, was where it was being built at the present time, where the volume of traffic was the heaviest?

A. I think so, relatively.

MR. MACNEE: These congested areas such as in the neighborhood of London and Kingston and Belleville are partly caused by local traffic and by building these bypasses, we are taking the through traffic from those congested areas.

You will find that on the strip map we show a rather constant volume throughout the length of the sections that have not been built yet, and that through traffic constitutes the majority of the traffic on existing

Highway No. 2. When you get close to the cities you have commuter traffic added to it which is causing congestion. But on the strip map it is practically a constant figure throughout its length, growing when you get near Toronto and tapering off away from Toronto. The strip map would not show that particular point.

BY MR. CHILD:

Q. Does 401 lend itself to be converted into a toll road regarding interchanges and so on?

A. From an engineering standpoint, it is easy to tear out ramps on a cloverleaf and build toll gates.

However, all through these sections we have attended municipal board hearings to close certain roads. It has been agreed these roads must be closed and certain interchanges be built, that certain overpasses and underpasses be built so that cross traffic would not be disrupted, and you would have to change that picture from an engineering standpoint. As I say, it is very easy to pull out ramps. We could go up to Avenue Road and take the ramp away from Avenue Road and just leave the bridge there.

Q. Are we putting ourselves in the position where it would be more expensive to convert this existing highway than to build a new highway?

A. I do not think any toll road could compete against these sections which are being built. There is

not enough traffic to warrant it. If these sections of Highway 401 are in operation, a parallel toll road would not be so good.

BY MR. MacDONALD:

Q. Is it possible to estimate on a mileage basis what the cost would be to switch a present 4-lane controlled-access highway to a toll road?

A. I think it is possible but it would require more intensive traffic study to show where we should put the toll gates, what interchanges we would have to eliminate and what bridges we would have to build.

BY THE CHAIRMAN:

Q. Would it not be possible to put in gates or barriers at certain places in the road and charge a toll to pass through that gate, without altering the present structure?

A. Yes, that could be done.

BY MR. MANLEY:

Q. A point comes up there, Mr. Chairman. If you are considering toll highways, naturally, you have to look to the big transport operators. What comes to my mind is this question: Is the present 401 Highway in its engineering design adequate, and would it come up to the standards of a toll road system to cater to the large operator?

A. Do you mean structurally?

Q. Yes.

A. Oh, yes.

Q. It would take care of the future requirements of the big transport operator under the present construction of Highway No. 401?

A. Oh, yes, quite definitely. It would be able to carry any axle loads that are being carried in the United States. All these roads are being designed on a 70-mile an hour basis.

Q. If you are going to build toll roads and cater to the big operator, naturally the larger load they can carry, the better it is for them and the more they are willing to pay tolls.

I was wondering if our present 401 is designed to carry the future requirements of those big operators?

A. Yes.

MR. CHILD: On a load basis they carry 4,000 lbs. more than is permitted in Ontario at the present time.

THE WITNESS: I would say the stretch east of Windsor is probably a better road than the Pennsylvania Turnpike. The road in the London stretch, which is a black top road, would be as good a road as the New Jersey Turnpike structurally.

BY MR. MANLEY:

Q. And would the same apply to Highway 401 which

you have built from Toronto east?

A. Yes.

Q. What about the Queen Elizabeth Way, would it compare with the turnpikes in the United States as to engineering construction and so on?

A. I think it would. We have resurfaced it all the way through. There is nine inches of concrete and two inches of black topping.

BY MR. CHILD:

Q. There is a limited amount of information available. Would it be feasible to convert the Queen Elizabeth Way or would it be just as economical to build a new highway from Toronto to Hamilton?

A. I suppose they could build a new highway from Toronto to Hamilton. We have been studying where we might put a new highway from Toronto to Hamilton, because the Queen Elizabeth Way between those two points is reaching saturation point as far as traffic is concerned.

BY THE CHAIRMAN:

Q. So that there is presently a study under way by the Department for another highway between Toronto and Hamilton?

A. A very casual study.

Q. That is very interesting. We were working some figures out the other day and came to the conclusion that within 6 or 7 years we will need a new highway.

A. That is right.

BY MR. CHILD:

Q. Did I understand you to say there was a survey under way for another road?

A. Yes.

THE CHAIRMAN: Mr. Fulton said there was a casual study being made.

BY MR. ROOT:

Q. We have not made up our minds and the government has not made up its mind about a toll road between Toronto and Hamilton, but is it not feasible to make the Queen Elizabeth Way a controlled-access road, or would you have to make them both toll roads? If two roads are needed, could you make one free and the other a toll road?

A. I would think there would be enough traffic soon so that if you have 57,000 cars on the Queen Elizabeth Way you will pay a toll if there is another road of equal standard going to the same place.

Q. They would take the toll road?

A. Yes.

MR. MACNEE: There are parts of the turnpike in the Pittsburgh area that are the same, and it does not affect the volume of traffic on the turnpike.

BY MR. YAREMKO, Q.C.:

Q. I am familiar with the part of Highway No. 401 which is the Toronto bypass. I assume that a great many

residents of the Metropolitan area of Toronto use that as a means of going back and forth. The people come across from Weston going to Scarborough where they cut across and come down into the city. Metropolitan residents use that highway to get to points within the Metropolitan area.

Does that apply to the London area as well?

A. Not to the same extent.

Q. It is minimized there?

A. Yes.

Q. And it would not apply to Windsor very much either, for example?

A. No, that is the terminal point.

Q. It would not apply to Belleville. The people who reside in Belleville would not be using Highway 401 to get to and from places within the metropolitan area of Belleville?

A. No.

BY MR. MacDONALD:

Q. It is 6 miles away at one end, is it not?

A. It is only a mile.

BY MR. YAREMKO, Q.C.:

Q. It is only within the Metropolitan area of Toronto where No. 401 is being used by the residents of the area to get to and from places within the Metropolitan area?

A. I would think that is so, only with a city the

size of Toronto. Our origin destination survey showed that only about 3 percent. of the people on the roads approaching Toronto want to bypass Toronto, and as you get down to London your percentage gets much greater.

Q. That was not my point. I am talking about the people within the area of Toronto who are travelling within the Metropolitan area, about the people who are just going from the east end of Toronto to the west end.

MR. MACNEE: Following Mr. Fulton's figures it would follow that 97 percent. of the traffic on 401 is Toronto traffic. It is only feasible that 3 percent. of the traffic on 401 would be traffic going from one side of Toronto to the other side, and the rest would be commuter traffic.

THE WITNESS: That would only apply to Toronto.

BY MR. YAREMKO, Q.C.:

Q. The Toronto bypass is the only part of 401 where the people are using the highway to get to and from the area itself?

A. Yes.

Q. Regarding the London stretch, that is being used by the people going from Woodstock to London or points in between?

A. That is right.

Q. But not by the people of London going from the east to the west end of London?

A. No.

THE CHAIRMAN: No, but we have quite a large volume of commuter population from Ingersoll and Woodstock coming into London to work in industry.

BY MR. MacDONALD:

Q. And there will also be commuters between Belleville and Trenton.

A. When 401 is so far north of Belleville, I think I would use No. 2 to go to Belleville. If we take all the traffic that we think will be taken off, No. 2 would be the best highway on which to make a trip of about 10 miles. If you were going further, you would certainly use 401.

BY MR. MACKENZIE:

Q. You would not suggest having Highway 401 which runs through the northern part of the city parallel to Wilson Avenue as a toll road?

A. I do not think so. In the United States the Thruway at Buffalo is a toll road, and 401 north of Toronto would become a free road, I imagine.

MR. MACNEE: I do not know. The only possible exception is the Cross-County Parkway system in Westchester County in New York, but they have the barrier-type toll. There is the odd barrier on the road where you have to pay a ten cent fee.

THE WITNESS: North of Toronto it is called the

"Toronto bypass," but we refer to it as an interceptor road. If I lived in the west end of Toronto and wanted to go to Oshawa, I take 401 to Oshawa. A great many people in Weston use Highway 401, and even more will use it when the Don Valley Roadway is completed.

BY MR. MACKENZIE:

Q. If you made that into a toll road you would have Bathurst Street and all the streets going north blocked off, and you could not do that.

A. Between the Rouge and Highway 27, I would not think it is feasible to have any type of toll roads, either barrier or any other type.

THE CHAIRMAN: The time may come when expressways will be built into the city that are toll roads but are built exclusively for through traffic, and you would have to pay for that.

BY MR. ROOT:

Q. You would not hazard a guess when 401 will be completed from the present state of plans?

A. I would not like to say, because I could be very wrong. This committee is deciding whether it will be a toll road, and the government may decide it is necessary to go ahead with other sections to the detriment of improving the ordinary road system, I do not know. My job is to get it ready when they say the money is available.

BY MR. CHILD:

Q. Generally speaking, the road system in the Province of Ontario would be improved considerably if there were more funds made available both in the municipalities and on the provincial highways, is that correct? If the funds were available and the money was there to build them, our whole system would be improved?

A. I would think that would be right.

THE CHAIRMAN: It could not fail to be right.

BY MR. CHILD:

Q. On the other hand, we could just build toll roads and not the other roads if we did not have the money available. Providing the money is used in a road system that we derive from our tolls, we cannot help but benefit right across the province.

THE CHAIRMAN: I know exactly what you are thinking, but you are not saying it.

BY MR. CHILD:

Q. Municipalities generally would benefit by toll roads even if they are not in the toll road area?

A. I think you are very apt to over-simplify the problem. In my opinion, there is a transportation problem in Ontario which affects the main roads, the King's highways, the county and township roads which have to be taken care of according to their traffic needs. You just cannot build a toll road and say, "Our traffic problem

is now solved". What we are trying to do is prepare a highway-needs programme report for Ontario, taking into account all roads, and the need is for subsidizing municipal roads.

BY MR. CHILD:

Q. Toll roads will take a great deal of the heavy traffic and congestion away from municipalities which are now looking after the roads almost entirely by themselves. Trucks would be encouraged to take the toll roads rather than the township roads?

A. That is right, but No. 8 Highway carries the same amount of traffic, or more, than before the Queen Elizabeth Way was built.

MR. MACNEE: If, for instance, 401 was a toll road it would certainly take traffic off Highway No. 2, but being such a fine road it would induce traffic and you would probably wind up with more traffic on the secondary road system.. That has been so in every case where they built a toll road. You relieve the free artery but put more on the feeder system and you aggravate the situation some place else.

BY MR. YAREMKO, Q.C.:

Q. In one of the northern United States, they made a survey of all the highway needs and came up with the figure of over \$2 billion. Their concept of the entire needs of that state amounted to a cost of \$2 billion.

Have we any such comparable survey of what it would take to put the highways of Ontario in shape for the needs of the next ten years?

A. No, we are making such a study.

Q. You are making such a study?

A. We have been making it for the last nine months, but it will be another eighteen months before we have anything definite, I would think.

Q. At that time you will know how much we will have to spend in the next ten years to have the type of roads we will need in the year 1965?

A. Yes.

Q. It would be a very interesting figure?

A. Yes.

MR. MACDONALD: It might be a bit staggering, too.

BY MR. ROOT:

Q. We have the Trans-Canada Highway now, but are there any figures to show how many Federal vehicles are using the road system of Ontario?

A. I think it would be a very minor movement of traffic. We have no figures.

MR. MACNEE: No, we could not get any Federal Government figures to answer our question.

THE WITNESS: I do not think it would be an appreciable amount.

MR. MACNEE: Not percentage-wise.

BY MR. MacDONALD:

Q. They would not give a destination?

MR. MACNEE: They are military figures and fall into the security regulations, and we did not get any answers from them although we did not press the point.

MR. MacDONALD: It seems likely that most of them will be in Southern Ontario. Obviously most of our military establishments and most of the people are in Southern Ontario, so it seems logical that most of the Federal vehicles will be in Southern Ontario too.

MR. MACKENZIE: The only places are at Camp Borden, Downsview, Kingston and London.

MR. MANLEY: They must be considered the same as an average citizen or operator. They are paying the license and gasoline tax.

MR. CHILD: They do not pay for a license, I do not think.

THE CHAIRMAN: Mr. Fulton says it is a negligible movement on our highways.

BY MR. ROOT:

Q. I was wondering what the Federal contribution is in relation to their use of our roads. They are used in defence and for the Queen's mail.

A. You are talking about Federal aid?

Q. Yes.

A. At the Trans-Canada meeting all the provinces thought they should have Federal aid. Mr. Winters said that was part of the Federal-Provincial negotiations.

BY MR. ROOT:

Q. That is not final, is it?

A. No.

BY MR. MOORE:

Q. I was going to ask Mr. Fulton about the connecting links under the dotted lines. Are we to assume when money does become available and contractors available to take that work on, that they will be taken on in their entirety?

A. Yes, we propose to complete 401.

Q. Have you any idea how long that will be in completion?

A. No, I would not hazard a guess.

THE CHAIRMAN: Are there any further questions any member would like to ask Mr. Fulton?

Once again, I would like to say "thank you." It seems we require a session with the Department of Highways every so often, and your co-operation is appreciated. We will probably call upon you again before we are finished. Thank you very much.

----The Witness retired.

That completes the formal part of our meeting this morning. I would like to have a short meeting with the members of the Committee in an informal way to discuss our future plans.

-----Whereupon at 12:00 noon the further proceedings of this Committee adjourned, sine die.



P R O C E E D I N G S

OF THE

SELECT COMMITTEE APPOINTED BY THE
LEGISLATURE OF THE PROVINCE OF ONTARIO,
TO ENQUIRE INTO AND REPORT UPON MATTER
IN CONNECTION WITH TOLL ROADS IN THE
PROVINCE.

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

Mr. D. J. Collins, Secretary.

VOLUME XI

Monday, January 9th, 1956.

Toronto, Ontario.

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto, Ontario.

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E L E V E N T H D A Y

Toronto, Ontario,
Monday, January 9th, 1955,
10:00 o'clock, a.m.

- - - - -

The further proceedings of this Committee re-convened pursuant to adjournment.

PRESENT:

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

Messrs. Auld,

Sandercock,

Yaremko, Q.C.,

MacKenzie,

Child,

Root,

MacDonald,

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. W. Q. Macnee, Traffic Engineer, Ontario
Department of Highways.

Mr. Hugh Brown, Deputy Provincial Treasurer,
Government of Ontario.

Mr. P. T. Clark, Controller of Revenue,
Province of Ontario.

- - - - -

THE CHAIRMAN: Gentlemen, we will now get underway, having the very important member of our Committee here, Mr. Mackenzie.

We are fortunate in having with us today, Mr. Hugh Brown, the Deputy Provincial Treasurer, and Mr. P. T. Clark, Controller of Revenue, both from the Treasury Department.

Mr. Brown and Mr. Clark are here in reply to a request which I made to the Treasury Department for some information on how our highways have been financed to date.

I have a letter signed by Mr. Brown, and I would like him to read it into our records.

Mr. Brown, our usual procedure is to proceed informally, and the various members of the Committee will ask such questions as come to mind, and if you or Mr. Clark will be kind enough to answer them, if it falls within your knowledge, we will appreciate it.

MR. BROWN: This letter (indicating) is addressed to you, Mr. Chairman, as the Chairman of the Select Committee on Toll Roads, and reads as follows:

(page 812 follows)

6th of January, 1956

" J. P. Robarts, Esq., Q.C.,
Chairman of the Select Committee
on Toll Roads,
Parliament Buildings,
TORONTO, Ontario.

Dear Sir:

Pursuant to your request we are submitting the following information relative to the Ordinary and Capital Expenditure on the Provincial Highway System, including Development Roads, from the inception of our present Highways and the application thereto of all revenues collected from gasoline tax, motor vehicle licenses, drivers' permits and other sundry revenue collected by the Department of Highways.

On a strictly cash basis -- that is applying actual revenue receipts against actual Ordinary and Capital Payments -- the over-expenditure on Highway account amounted as at March 31st, 1955 to \$136,780,000. This over-expenditure is arrived at by deducting the total highways revenues as detailed above and amounting to \$1,272,883,000 from the total cost of construction and maintenance of highways amounting to \$1,409,663,000. In this calculation no interest on the debt has been charged.

On the basis of charging $4\frac{1}{2}\%$ interest on the

accumulated Highway Debt, as it existed from year to year, the debt as at March 31st, 1955 would amount to \$523,872,000. In arriving at this figure, no provision has been made for the retirement of any debt.

In dealing with the eventual retirement of Highway Debt we have made calculations of retirement over a twenty year period and a thirty year period.

If the Highway Debt had been retired on a twenty year basis the total debt outstanding at March 31st, 1955 would be \$443,034,000, of which \$344,088,000 represents unamortized Capital Expenditure and \$98,946,000 represents the amount by which the revenues during the period failed to meet the amortization charges, interest at $4\frac{1}{2}\%$ per annum on the unamortized portion of the Capital Expenditures and Ordinary Maintenance Expenditures.

If the Highway debt had been retired on a thirty year basis the total debt outstanding at March 31st, 1955 would be \$461,013,000, of which \$434,515,000 represents unamortized Capital Expenditure and \$26,498,000 represents the amount by which the revenues during the period failed to meet the amortization charges, interest at $4\frac{1}{2}\%$ per annum on the unamortized portion of the Capital Expenditures and Ordinary Maintenance Expenditures.

Interest has been calculated in preparing the

above figures at an average rate of $4\frac{1}{2}\%$. As this debt has accumulated over a period of roughly the last forty years it is felt that this rate is very conservative.

In all of the above calculations 70% of the annual cost of the Provincial Police Force has been charged to Highway Expenditure for policing the Highways.

Respectfully submitted

(signed) Hugh E. Brown, C.A.

Deputy Provincial Treasurer."

THE CHAIRMAN: As I understand it, you have some figures which will be available in a day or so -- basic figures -- from which these cumulative figures are taken (indicating).

MR. BROWN: That is right. These were prepared under the direction of Mr. Clark, and he can speak more fully in regard to them than I.

The final typing of the figures will be finished in a day or so. I have taken some of my figures from the rough sheets, and it is just a matter of completing the typing.

These will show the figures year by year.

THE CHAIRMAN: What was the year you started, Mr. Clark?

MR. CLARK: We started from 1889, and from 1889 to October 31st, 1918, the only inclusion in these figures is "\$13,061,000", which is a deficit, where the provincial revenues up to October 31st, 1918, failed to meet the expenditures on capital increases of roads, maintenance, and so on.

Those figures were taken from tables which I found in the Chevrier Report, which was issued in 1938, and a great many of the figures which are in that Report are again repeated in these schedules which will be available in the next little while.

I included this \$13,061,000, but there is no interest charged up to 1918, and no amortization charged before 1918. I simply assumed that the \$13 million was the amount in 1918, and when we came to the amortization, and came to charging interest, it was as if that figure was expended in 1918.

MR. AULD: Mr. Brown, you mentioned there were other sundry revenues, and at the end you said you included 70 percent. of the cost of the Ontario Provincial Police. Is there any particular item of a somewhat substantial size?

MR. BROWN: No. It was gasoline-pump licenses, and things of that nature.

MR. AULD: There was nothing from fines, and

so forth, which would be included?

MR. CLARK: Oh, no.

MR. MacDONALD: Mr. Chairman, my understanding has been that highway expenditures had begun to exceed the normal revenue about 1951 or 1952, in a consistent way. Is that accurate?

MR. BROWN: You mean on what basis, a strictly cash basis, or on a charging-interest basis?

We have given four different aspects of it, cash basis, just an interest charge, with no repayment of debt, and then an attempt to repay the debt over twenty years, and over thirty years.

MR. MacDONALD: If one takes a look at the Budget figures, through the years, I am under the impression that it was about 1951 or 1952 when the expenditures began to exceed the revenue?

MR. BROWN: It is on a strictly cash basis? I would draw your attention to the fact that the annual debt charges have always been included in the Treasury Department appropriations.

MR. CLARK: On a cash basis, without any charge for interest, ordinary expenditures and capital expenditures exceeded ordinary revenue in all the years up to 1932.

In 1933, there was a slight credit. In 1934 and 1935, there was a deficit, then there were two years, 1936 and 1937, when there was a credit.

In 1938 and 1939, there was a debit of \$15 million and \$16 million, and then in the years 1940 and 1941 -- the war years -- there were credits, but those were caused by the war, when there was a very small capital expenditure.

Now, when you come to 1951, there was only \$275,000 excess of expenditures; in 1952, it was \$13,216,000 in 1953, it was \$30,805,000, and in 1954, it was \$4,477,000.

THE CHAIRMAN: These figures year by year will be available to us in due course?

MR. CLARK: When you put the interest of $4\frac{1}{2}$ percent. on the total excess of the expenditures over the total revenue, there are only two years in the whole picture where the revenue exceeded the cost, including interest. Those two years were 1933 and 1938.

All the rest were deficits.

THE CHAIRMAN: As I understand it, on your strictly cash basis, the government, since the "beginning of roads" -- shall we say -- has spent \$136,000,000 more than it has taken in, and that is lumping the whole period together?

On a straight $4\frac{1}{2}$ percent. interest basis, the debt would amount to \$523 million. That would be a deficit.

In other words, that would be a case of the costs of roads over the revenue produced, and that includes

interest.

On the twenty-year amortization basis, is that taken from the date of construction?

MR. CLARK: Yes, except for the \$13 million.

The first year of amortization is the year following the year in which the construction was completed.

THE CHAIRMAN: And on the twenty-year basis, we would have to spend \$98 million more than the revenue produced.

MR. CLARK: It is not exactly that. I think what you have to say is how you spend more than the revenue produced, \$443 million, of which \$344 million has not yet been amortized on a twenty-year basis. It is not due yet.

Your revenue, in addition, has failed to meet the interest on the unamortized debt, the amortization requirement and ordinary maintenance expenditure by almost \$99 million.

THE CHAIRMAN: You might explain that the figure has increased year by year. We are getting into some higher mathematics here, and I may be wrong.

MR. CLARK: It does not necessarily mean it would have to go up every year. As I said earlier, the capital expenditure during the war years was very low. It got as low as \$2,500,000 in one year, with the result that next year you have a higher revenue, and you have

lower amortization costs coming up, whereas the deficit on your amortization at the end of 1955 is only \$99 million. It went as high as \$157 million, in 1949.

So that your revenues right now are reducing this deficit, but with the expansion of capital expenditures which has happened, the trend will reverse itself.

THE CHAIRMAN: Just as soon as the requirements are all exhausted?

MR. CLARK: Yes.

MR. AULD: May we get back to Mr. MacDonald's question about the last five years, when our capital expenditure has been considerably higher?

MR. CLARK: It will eventually hit you, maybe in less than twenty years; maybe in fifteen years.

THE CHAIRMAN: The deficit will become worse?

MR. CLARK: Yes.

MR. MacDONALD: If our over-expenditure on a cash basis accumulated until 1955, when it was \$136 million, surely your figures will expand extremely?

Last year, as I recall, our highway figure was \$127 million, which is the figure we have been using, and our licensing and tax revenues were within reaching distance of that, some \$118 million, but now our highway budget is \$176 million, so you have an excess of \$50 million,

or \$60 million, and will that not result in \$50 million or \$60 million being piled on to the \$136 million, so that it could be doubled actually in two or three years?

MR. CLARK: That is quite right. I was dealing with amortization of what you spend in 1956, and only one-twentieth of that is to be used in 1957, on a twenty-year amortization basis.

THE CHAIRMAN: Was that your purpose in giving it to us in four ways?

MR. CLARK: Yes.

MR. MacDONALD: But we recognize that this figure of \$136 million is a cumulative figure from 1918, but 1955 is somewhat deceiving. We are really getting into geometric figures now.

MR. AULD: How much of that \$136 million would have accrued since 1950?

MR. CLARK: At the end of 1950, it was \$104 million. In 1951, it was still \$104 million. In 1952, it was \$118 million. In 1953, it was \$139 million. In 1954, it was \$143 million. In 1955, it dropped. We did not spend as much.

THE CHAIRMAN: That distorts it to some extent, because 1955 was a peak year, for other reasons than construction?

MR. CLARK: Yes.

THE CHAIRMAN: Then there is another point. These figures show the amount spent by the province for everything, maintenance, grants to municipalities, and so on, but in assessing the over-all cost of roads to the province, there is nothing in here (indicating) to cover the contribution made by local municipalities, for instance?

MR. BROWN: Over and above our own subsidy.

THE CHAIRMAN: It only includes the amount spent by this one authority, that is, the provincial government?

MR. BROWN: That is right. I would like to say, Mr. Chairman, that the only reason for giving this on a strictly cash basis is to counteract the suggestion which has been tossed out from time to time, that on a cash basis we get in more money than we have spent.

MR. CLARK: And, of course, that statement is not true.

MR. BROWN: At no time would that be considered a proper way of looking at our highway expenditures.

Every time the capital increases, we have to borrow money for them, and have to pay interest on the particular aspect upon which we spent the money, and that should bear its proper share of these interest charges.

So it is only when we get into the other method, are we getting a proper application of highway charges.

MR. AULD: What is the policy? Is it mostly on a twenty-year basis, or is some twenty years and some thirty years? Has the policy varied from time to time?

MR. BROWN: We have had no definite policy of amortizing highway debt. We have had to create sinking funds, and they can only be created out of surpluses, and as part of our ordinary expenditures in arriving at a budget.

There has been no definite procedure as to retiring every twenty years or twenty-five years or thirty years. It is part of our ordinary capital expenditures, and is dealt with the same as if we were building other capital items.

MR. YAREMKO, Q.C.: Is there anybody in the Treasury Department, or the Department of the Economist, who could project these figures for us for the next years? Is there a feasible method by which that could be done?

THE CHAIRMAN: I have my own opinion on that. Mr. Brown, would you like to answer that?

MR. BROWN: Our aspect of that would only be in regard to the revenue, and actually, if we look into the past, and observe the trend, we could develop the estimated revenue for any period in the future.

Your guess can be good or bad, depending on how conditions would work out.

When it comes to expenditures, we are getting into something entirely different, and that aspect would have to be picked up by the Department of Highways, and probably would be a matter of policy, into which I would not wish to get.

THE CHAIRMAN: I do not see how your Department can ask the government to alter the various tax rates on the roads. We have just had an increase in licensing fees, as you probably know.

MR. CLARK: The only way it can be done is by making certain assumptions, because we do not know -- and I do not think anybody here knows -- what might come up in five years' time.

MR. MacDONALD: There is another question which intrigued me a little. Four and one-half percent. is referred to as a sort of average rate. I was under the impression -- apparently false -- that the province could borrow at a rate of somewhat less than four and one-half percent., so, if we got a lower rate than four and one-half percent., what would happen?

MR. BROWN: I said this debt had accumulated over a period of, roughly, forty years.

MR. MacDONALD: Oh, I see.

MR. BROWN: If we start at the origin of what might be termed "borrowings", we will notice that in 1904

we borrowed at three and one-half percent. in London, to finance the Temiskaming and Northern Ontario Railway.

Again, in 1909, we started to borrow in London at four percent. for Hydro, and so forth, and by 1913, we had borrowed again at the rate of four and one-half percent., and that figure has gone up to five percent. and even, on occasion, six percent.

We still have two issues outstanding now at the five-percent. rate.

During the latter part of the 1920's, and the early 1930's, we borrowed in a three-way money market -- that is, New York, London and Canada -- and during one year, the foreign exchange costs were \$4 million.

Those bonds were all placed at four percent. or four and one-half percent., which was the base rate, but if you take the effective rate, you might have had from 4.15 percent. to 4.65 percent., plus the continuing liability of the cost of providing foreign exchange.

During last July, we borrowed at three percent., but that was for ten-year. money, but over a very long term, I do not think that four and one-half percent. is anything but a conservative figure. The interest rates have a habit of jumping.

THE CHAIRMAN: Just one further question, as far as I am concerned.

In arriving at the 70 percent. of the annual cost of the Provincial Police Force, charged to Highway expenditures: does that come from the Provincial Police themselves as to what proportion of their time is spent on highway work?

MR. CLARK: This was given to us by the Department of the Attorney-General, acting for the Police Department.

It is actually a little more than that. These figures run from 70 percent. to 75 percent., and in most recent years, it has been as high as 80 percent.

THE CHAIRMAN: I did not realize that their duties --

MR. CLARK: That is what they say, and I did not question it at all.

As I told you right at the beginning of my remarks, a lot of these figures were based on the Chevrier Report, and I took several years of the Chevrier Report, and analyzed the figures, and ascertained where they came from in the Public Accounts, and I found that in 1937, it amounted to about 72 percent. of the Provincial Police costs. They call it "law enforcement" and expenditures for law enforcement are in the Attorney-General's Department, and it showed 72 percent. of the Provincial Police costs.

MR. MacDONALD: Mr. Chairman, has the Treasury

Department given any consideration or study to alternative or additional means of revenue?

MR. BROWN: Mr. Chairman, my Minister will be bringing down a Budget speech sometime, in a month or so, and I am afraid I cannot answer that question.

THE CHAIRMAN: Did you "get" that, Mr. MacDonald?

MR. MacDONALD: Yes, I "got" that. I was not surprised. Perhaps this gentleman (Mr. Brown) is not the one at which to throw that question.

But I was interested in something to which I think the Committee should give some consideration, and that is in regard to the State of Oregon, and a number of other States which looked into the matter.

I mentioned this at our last meeting, and our Secretary has sent and received a page of information on the weight and mile taxes, and I was wondering if these alternative sources could be attached to toll roads.

THE CHAIRMAN: How is it applied?

MR. MacDONALD: I hesitate to attempt to answer that question. The report we have here is a little sparse in giving that kind of information.

One thing which surprised me was that it was a self-assessed tax, and they have run into very little difficulty, because of the fact that it was self-assessed.

MR. BROWN: It was not on a ton-mile basis?

MR. MacDONALD: No. They go to some length to show the distinction between "ton-mile" and "weight-mile".

Assuming that it was "ton-mile" originally; presumably you had such-and-such a load, but now they have revised it to what they consider a more equitable approach, to the "weight-mile" and they have divided the vehicles into such-and-such categories, according to tonnage. These categories may vary a little, depending on whether you are running empty or half a load or a full load.

MR. BROWN: Does that apply only to trucks, or to passenger cars as well?

MR. MacDONALD: I think only to transports.

MR. CLARK: The fact is -- in answer to the gentleman's question about what we are doing (Mr. MacDonald) -- Mr. Brown says the hon. Minister is preparing a Budget and we do not know what will be in the Budget, but the fact is that on the 1st of January of this year, the Motor Vehicle license fees were raised, and we do have the thing under study all the time, and from a more or less theoretical point of view, so we are in a position to advise the hon. Minister.

MR. MacDONALD: I do not want to press the point,

but it seemed to me to be a very important part of this Committee's work, if it is going to consider whether or not toll roads are the most effective way of raising the necessary revenues for our highways, that we should give consideration to, and have knowledge of any possible alternatives.

The difficulty is to get a definitive answer, and perhaps I cannot get it before the Budget is brought down.

In view of that, I will not press the point.

THE CHAIRMAN: I understand what you mean, and I must say I think I agree with you, but we must bear in mind our terms of reference are limited to toll roads. We were not set up by the Legislature to investigate all other means of road construction; we were set up to investigate toll roads.

MR. MacDONALD: I think on a number of occasions, Mr. Chairman, you have said that our terms of reference were very broad.

THE CHAIRMAN: I think they are, and I think it would be interesting, and it would be unwise not to consider the things you have mentioned.

MR. YAREMKO, Q.C.: Mr. Chairman, Mr. Brown has provided us with these figures, but it will be necessary for us to draw our own conclusions.

Mr. Brown, would you care to express your opinion on the statement that based on a thirty-year amortization, the amount was only \$26 million. Is that a serious situation, or is it looking forward to a more serious situation?

What opinions would you give on the basis of those figures?

MR. BROWN: Well, sir --

MR. YAREMKO, Q.C.: \$26 million over such a long period, and with the amount of work we have undertaken, does not seem to me to be a very serious situation. Am I correct?

MR. CHILD: That is only about 60 miles of new highway.

MR. BROWN: Now you come to an engineering problem as to whether a highway would be written off over a twenty-year period, or provide for writing it off over a twenty-five year period, or over a thirty-year period. I think you will probably secure some differences of opinion on that.

But to try and emphasize, even on a thirty-year period, -- which, to our way of thinking, is an extremely long period in which to amortize something in the nature of a highway --

MR. YAREMKO, Q.C.: A twenty-year period measures

up to \$99 million.

MR. BROWN: That is right, but if we go back even twenty years in the construction of highways, and think of the type of highways we constructed twenty years ago, and what is being done today, it is hard to say that twenty years hence our present-day highways may not be out-dated, and we may have to re-build them again along different lines, to take care of the traffic.

I am not an engineer, but I am going on past experience as I view it, and it seems to me twenty years is plenty long enough to write off a highway.

MR. CHILD: Assuming that toll roads went into effect, what would our position be financially, as far as the province building them, or private enterprise building them?

MR. BROWN: If we entered into that, it would have to be part of our over-all capital programme, and naturally we would have to give some consideration as to where we would get the money, if it was in addition to what we term now our "present highway programme".

I think it might be quite a load. At the present time, it is fairly heavy.

MR. CHILD: But, looking at the over-all picture, and the fact that it might require a twenty-year or a twenty-five-year period, it might be better for private

enterprise to use its money to build toll roads, if they could be interested in doing it, and leave our money free for other things.

MR. BROWN: I am not too sure now that we are not getting into a question of policy. That would be something which would have to be dealt with at a higher level than the Civil Service. You will understand I do not want to evade your question.

THE CHAIRMAN: What is the difference? Mr. Child says "private enterprise should use its money"; surely it all comes from the same source, and that is, the investing public.

MR. CHILD: We would have to tie up provincial funds and use them for toll roads, whereas, on the other hand, we would be entirely out of that picture.

THE CHAIRMAN: You would not be tying up funds; you would be tying up provincial credit.

MR. CHILD: Yes, if we backed it, but we would have revenue coming in almost immediately from some source.

MR. MACKENZIE: Who would look after the funds? The Department of Highways?

MR. CHILD: I would think that private money would effect a considerable saving.

MR. BROWN: In what way would our revenues increase? I would assume, naturally, that the same number

of cars would be using the highway.

MR. CHILD: I would imagine, in the first place, there would be commissions coming back from gasoline stations.

MR. BROWN: On these privately-owned roads?

MR. CHILD: They are still licensing the cars which are running over them.

MR. BROWN: If they ran over any road, they would pay the same license fee. If you increased the roads, would you be increasing the traffic?

MR. CHILD: I think we would be inducing traffic.

MR. MacDONALD: If you could force them to buy gasoline at all.

MR. BROWN: But I am afraid they would buy their gasoline in Buffalo, and get enough to keep them going through to Detroit. There is quite a difference in the price of gasoline between Fort Erie, Ontario, and the city of Buffalo, New York.

MR. MacDONALD: It might be that it would induce tourists to come over here and stay longer, and, therefore, buy more gasoline. It seems to me that is the only induced revenue you could get.

MR. AULD: Strictly speaking, if it was a private road, you would not require a license to drive on it at all.

MR. BROWN: What would happen when you went off of it?

MR. AULD: To carry this on a little farther, supposing a trucking firm decides it wants to drive between two points on a private road, and they arrange with the proprietors to do that, they would not need a license at all.

MR. CHILD: They could put these big box cars on the road, the same as they do in some of the States, and use the other highways as feeders, for their trucks.

MR. AULD: The strictly private road is the same as the old toll road. When you are driving on it, you are on private property.

MR. MacDONALD: I agree I have moved into an impossible development.

THE CHAIRMAN: I think we are going to have before us this afternoon, the people who want to build a private highway.

MR. MacDONALD: I notice that all of these paragraphs (indicating) begin with the word "if"; "if it was on a twenty-year basis", "if it was on a thirty-year basis".

I take it if we have not attempted to amortize our debt up until now, have we not reached the point where the Transport Board thinks it is now necessary to

amortize?

THE CHAIRMAN: I presume it has been amortized, but not as a highway debt per se.

MR. BROWN: I think that is correct. It is part of the over-all debt of the province. We do not have any "highway debt" nor "education debt" and so on. We just have a debt.

MR. CHILD: What, if any, would be the advantage of having private enterprise build a toll road, if it was to be built?

MR. BROWN: I think the only advantage would be the relief of the provincial debt.

MR. MacDONALD: Presuming the bonds were not backed.

MR. BROWN: If it was decided to put it under a Commission, and the province guaranteed it to the public, then are we not in the same position as with the Hydro? We guaranteed the Hydro bonds, and in the over-all picture, people think of the Hydro and the province as pretty well one picture.

As far as the debt position is concerned, the amortized position is one thing, but as soon as we are into guaranteeing these bonds, we might as well be issuing a direct obligation.

The only aspect of it is if they are revenue-

producing. It is the Hydro which pays the interest, and we figure that as a revenue-producing debt, which will retire itself over a given period of time.

MR. MacDONALD: Mr. Chairman, it seems to me that is a very significant point, because we have argued many times if all the factors of debt costs be borne in mind, it would be almost impossible to build it privately, because, as Mr. Brown says, if the government guarantees the debt, it might as well issue the bonds themselves.

THE CHAIRMAN: The investment dealers do not care. If there is a contingent liability on the province, that is it.

MR. BROWN: No, I would not go that far. It is something which will not, in itself, produce revenue; it is limited to the amount out of every dollar of revenue we can afford to pay for interest.

MR. AULD: I might say, if we are going to take Highway No. 401 as an example, and build it as we are building it now, where it is not, in itself, a revenue-producing highway, then we are going to borrow some of the money to build it, as we have been building our other highways.

If we are to have a revenue-producing debt, it would probably lower the interest rate on whatever bonds were floated, to pay for the cost.

Let us say there would be another revenue-producing debt within the province to counteract some of the debts which the province bears.

MR. BROWN: That is not borne out in fact. I might say that the Hydro, because it is a revenue-producing organization, backed by the government --

MR. AULD: I did not mean that directly, but if I may put it the other way; supposing Hydro was not a revenue-producing organization, and we still have the same debt we have in the province today, we might be paying a higher interest than we are today.

MR. BROWN: That is quite possible.

MR. ROOT: Perhaps the question has been asked while I was out, but I am interested in this figure. On March 31st, 1955, the over-all expenditure was \$136, million, and on the next page you say if you had charged interest at $4\frac{1}{2}$ percent., it would have amounted to \$523 million. In other words, this debt must have been there for some time. At what time did the highway programme run the province into debt?

MR. CLARK: The revenue was never sufficient to pay the interest.

MR. ROOT: At the present time, the revenue is not nearly paying the interest, any more than at the start, because with the $4\frac{1}{2}$ percent., you have raised the

amount by almost four times.

THE CHAIRMAN: I think we can look forward to a greater gap than in the past. We discussed that before you came in, Mr. Root, and I think our conclusion was that the way things are going, it will not be better than it is today. I think we can look forward to a larger debt.

MR. BROWN: Ten or fifteen years ago, we were talking about two-lane highways, and the cost of building a four-lane non-access road today is tremendous in comparison. I cannot give the exact figures, but I know the difference in cost is what we are facing today. What it may be fifteen or twenty years hence, I do not know. They may be then talking about six-lane or eight-lane highways. Nobody knows.

MR. ROOT: What was behind my question was the fact that with a lower standard of highways, we could not pay for them out of revenue.

MR. BROWN: You have had increases in your gasoline tax, which have been brought about to compensate for the point you are making.

MR. ROOT: From what I have heard from the Highway Departments in the States, the controlled-access roads cost almost eight or ten times as much.

THE CHAIRMAN: Perhaps I could read an extract

from a book entitled "Taxes and Traffic", a study of highway financing, produced by the Canadian Tax Foundation, of Toronto.

It says:

"The cost of good gravel roads was probably around \$3,000 a mile at the turn of the century. By the beginning of World War I, a narrow macadam road probably cost \$5,000 to \$8,000 a mile. Today, an average two-lane rural highway would cost between \$35,000 and \$70,000 a mile, a four-lane highway from \$100,000 to \$700,000 a mile, and costs running up to \$1 million a mile for constructing new traffic arteries through urban areas are not uncommon."

That gives a picture of the increases. That is not applicable to the whole of the province of Ontario, because we are building, I would think -- and Mr. Macnee can check this for me -- a lot of two-lane highways which are quite adequate to serve the people there.

But it is these large, controlled-access highways which cause the trouble. I think that is quite clear.

MR. ROOT: In other words, it boils down to the fact that you cannot build a superhighway without going into debt?

MR. BROWN: The past indicates that. On a twenty-year basis, we have been, roughly, \$96 million in the hole, and on a thirty-year basis, we still would be.

If you carry it on to the forty-year basis, it might have been on the other side of the ledger.

THE CHAIRMAN: Are there any further questions any member of the Committee would like to ask of Mr. Brown or Mr. Clark? (No response).

If not, may I, on behalf of myself and the Committee, thank you for appearing here this morning, and for the information you have given us.

---Messrs. Brown and Clark retired.

THE CHAIRMAN: This afternoon, we will meet at two o'clock, and Mr. Joseph Jeffery will appear on behalf of this group.

Originally, they had the idea of building a toll road by a private company to operate between Fort Erie and Windsor, on the basis of amortized costs out of the tolls, and when the cost was amortized, the road would be turned back to the province.

We will reconvene at two o'clock.

In the meantime, here is a letter addressed to Mr. Root, which is a copy of Resolution passed by the

Grey County Council in session on November 18th. I think it can well be included in our record. It says:

"Dear Mr. Root:

The following is a copy of Resolution passed at the Grey County Council session November 18th, 1955, for your consideration.

Whereas, the cost of road maintenance is rising each year, which makes it hard for municipalities to do permanent road construction;

We, the County Council of the County of Grey, hereby urge the Department of Highways to build and maintain superhighways as toll roads, thereby releasing more money for use as grants and subsidies for road construction in the municipalities, and that copies of this Resolution be forwarded to the Minister of Highways and the Committee investigating the advisability of establishing toll roads in Ontario."

I would ask our Secretary to acknowledge that, and tell the Grey County Council that we have read the letter into the record.

Mr. Collins, our Secretary, has gone through this booklet "Taxes and Traffic", and it contains a tremendous amount of information of a statistical nature, and he has extracted certain details which he thinks might

be of interest to the Committee. I think it might be advisable to take a few moments to go over these. They might be developed, as we look this over.

These figures (indicating) apparently only go up to 1952.

MR. COLLINS (Secretary): In some cases, 1953.

THE CHAIRMAN: These figures are expressed in millions of dollars, "3.5", "4.5" and so on. It gives you an idea of the increases, if any, and also --

MR. ROOT: It is a combination; it is not broken down.

THE CHAIRMAN: That is right. "Highways, Rural Roads, Bridges and Ferries by Geographical Areas".

MR. COLLINS (Secretary): They have detailed it in the book, and broken it down, but you would almost have to reproduce the book to give all the information.

THE CHAIRMAN: Table 16 covers "Maintenance Expenditures on Highways and Rural Roads by Geographical Areas".

MR. AULD: Table 16 is just provincial expenditures in totals?

MR. COLLINS (Secretary): That is right.

THE CHAIRMAN: Table 40 includes, "Provincial Motor Vehicle and Gasoline Tax Revenue by Millions of Dollars".

MR. COLLINS (Secretary): That can be compared with the totals in the booklet.

THE CHAIRMAN: We will have available from Treasury, those figures from which Mr. Clark was reading, so this can be checked year by year. There is some typing to be completed, and that is why they are not available this morning, but will be mailed to you in due course.

There is a great deal of valuable information in this book.

Table 43 covers the "Actual Gasoline Tax Rates in Effect in each Province at end of Each Year".

MR. CHILD: We are talking about "115.1 for 1953". It says "cents per Imperial gallon" in brackets.

THE CHAIRMAN: You are reading one out of Table 40, and another out of Table 43.

MR. CHILD: No, Table 43 is "Actual Gasoline Tax Rates In Effect in Each Province at end of Each Year", and then in brackets, "cents per Imperial gallon", and then it shows "113.1" --

MR. ROOT: That is millions of dollars.

MR. CHILD: Oh, I am sorry.

THE CHAIRMAN: Now, Table No. 58 shows, "Federal Contributions to Provinces for Trans-Canada Highway for Period from December 10th, 1949 to December 31st, 1954,

Millions of Dollars".

MR. MacDONALD: That is exclusively the Trans-Canada Highway?

THE CHAIRMAN: That is the only contribution they make. They take the attitude that that is a sufficient contribution.

MR. CHILD: That is on a straight 50/50 deal in regard to financing.

MR. AULD: No, they adjusted it this year.

THE CHAIRMAN: Perhaps Mr. Macnee can tell us a bit about that.

MR. MACNEE: It was 50/50, but I think it is even up to 90 percent. in some cases, as far as the Federal government is concerned, to try and get it completed. They have worked out separate agreements.

MR. AULD: But, over all, it does not go over 50 percent. It may be up to 90 percent. in some places, but that is only on a small portion of the total.

MR. CHILD: Do you know the particular stretches of highway where that applies?

THE CHAIRMAN: No, I cannot say.

MR. ROOT: It is the Trans-Canada. In other words, we are really subsidizing what is not our problem; it is a Federal problem.

THE CHAIRMAN: The Trans-Canada is not a transportation problem.

MR. CHILD: We know they are paying at least 80 percent. or 85 percent. of the highway up north.

THE CHAIRMAN: It is one of the least important problems from a highways point of view.

MR. MACNEE: A toll road would not be justified up there. I can assure you of that.

THE CHAIRMAN: There is a note which comes after Table 58. With your permission, I will read it:

"Federal Revenue"

As a footnote to the preceding discussion of federal road grants, it will be appropriate to introduce here the subject of federal revenues derived from motor transportation. These are substantial. The tax of 3 cents a gallon is imposed between April, 1941 and March 31, 1947, brought a total of \$173 million but this tax of course has long since been repealed. The current sources are the long-standing excises and other imposts on automobiles and related purchases. A special excise tax has been levied on cars since 1918 and on tires and tubes (repealed in 1955) since 1933. In addition, the sales tax (first levied in 1920), now 10 per cent, applies to these products, and also to gasoline and lubricants. Customs duties are levied on imported automobiles and tires and tubes in addition

to the above-mentioned special excise and sales taxes, and apply on a wide range of imports classified as automobile parts which are embodied in cars of Canadian manufacture. Corporation income and personal income taxes are also generated by these industries. From all the sources of indirect taxation (excluding income taxes) it is estimated that federal revenues for 1954 approximated \$225 million, approximately the amount the provinces collected under their gasoline tax."

That appears also as a note on page 71 of the book, "Taxes and Traffic".

Then Table 62 covers "Estimated Federal Revenue from the Motor Vehicle (Millions of Dollars)".

Then there is some more editorial comment: "For the years 1930 to 1952 federal road expenditures approached \$175 million, some 10 to 12 per cent. of the total estimated federal revenue from the motor vehicle and related products. For the post-war years 1946 to 1952 federal outlays totalled about \$95 million or 10 per cent. of the estimated federal revenue from related sources."

Then Table 63 covers, "Corporation Income Tax and Excess Profits Tax Declared for Selected Industries (Millions of Dollars)".

MR. MacDONALD: That is a very controversial matter.

THE CHAIRMAN: Perhaps somebody would explain to Mr. Child just what that means.

MR. CHILD: There never was a sales tax on gasoline.

THE CHAIRMAN: That applies from the manufacturers to the wholesalers.

MR. MacDONALD: I think it is applied at the wholesale level, and the controversy to which I have referred, is ear-marked as "shrinkage" --

THE CHAIRMAN: No, it is the provincial gasoline tax which is applied on the amount of gas which goes into the service station tanks, not on the amount which comes out.

MR. MacDONALD: That is right, yes.

MR. CHILD: On the wholesale prices?

THE CHAIRMAN: Whenever the excess tax is included, it comes into the picture before the retailers fix the price.

MR. ROOT: I think it runs from $1\frac{1}{4}$ cents to $1\frac{1}{2}$ cents at the retail level. I worked that out when preparing a speech I made last winter. The transport people got some figures from Ottawa, and on No.2 gasoline, it was about $1\frac{1}{4}$ cents, and on No.1, it was about $1\frac{1}{2}$ cents.

THE CHAIRMAN: Gentlemen, are there any further comments?

MR. ROOT: There is nothing here showing what the Federal government takes by way of personal income tax from the people who work in the motor industry.

THE CHAIRMAN: That would be a very difficult figure to apply to highway construction.

MR. ROOT: It may be outside our terms of reference. The municipal people, who provide the municipal roads for people riding back and forth to the motor industries, would be interested in having some information on that.

THE CHAIRMAN: I think that figure would have very little application.

MR. ROOT: It is quite a figure. I had it broken down last year.

MR. AULD: That figure is in a book the Chamber of Commerce put out. It showed that taxes paid by the automobile people were higher than the wages. It seems to me it was \$116 million in wages, and about \$120 million in taxes.

MR. MacDONALD: I have a copy of the volume, but it seems to me it would be useful to secure a copy for every member of the Committee. I called them, and they sent me a copy, when I told them I was a member of

the Toll Roads Committee.

THE CHAIRMAN: Frankly, it is just loaded with information. There is a whole chapter on "Toll Roads", for instance. That is put out by the Canadian Tax Foundation.

MR. ROOT: I would like to have a copy.

THE CHAIRMAN: We will get one for each member of the Committee.

I think these Tables might be included in our records, so we can study them at our leisure.

(page 849 follows)

---The following was admitted in evidence and is in words and figures as follows, to-wit:

"INFORMATION TAKEN FROM "CANADIAN TAX FOUNDATION" BOOKLET
"TAXES AND TRAFFIC"

Table 11

Total Expenditures on Highways, Rural Roads, Bridges and Ferries
By Geographical Areas

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
1946		1.5	8.2	11.8	37.6	49.5	3.6	6.3	12.0	9.5
1947		2.7	15.0	15.6	68.8	68.1	7.0	8.8	20.2	21.7
1948		2.2	22.1	20.9	77.1	75.5	10.5	9.1	18.3	25.8
1949	3.5	2.2	22.5	15.4	59.1	77.9	10.4	9.1	24.6	41.1
1950	6.2	2.7	25.2	20.3	54.2	90.3	8.1	10.2	30.0	32.5
1951	6.4	3.2	16.8	13.4	85.2	109.9	12.1	13.2	35.8	33.2
1952	5.1	3.4	14.9	15.3	107.0	132.5	14.6	18.2	49.5	49.0

Table 16

Maintenance Expenditures on Highways and Rural Roads
By Geographical Areas

1946		.6	3.3	3.5	10.3	23.7	1.2	1.7	5.4	1.9
1947		.9	4.0	3.2	33.7	32.6	1.5	2.4	6.6	5.1
1948		.6	6.1	5.0	25.1	38.9	1.9	2.7	3.1	7.2
1949	1.4	.8	6.1	4.4	16.7	37.2	1.8	2.5	10.7	10.8
1950	1.4	.9	6.4	7.2	18.6	43.1	2.1	3.1	12.2	8.3
1951	1.6	.9	5.8	6.2	22.0	47.9	2.0	3.7	12.9	10.1
1952	1.9	.9	6.9	7.5	27.3	55.6	2.2	4.3	13.4	12.6

Table 40

Provincial Motor Vehicle and Gasoline Tax Revenue
(Millions of Dollars)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
1946		.7	5.6	4.5	26.0	44.8	5.1	8.2	9.1	9.5
1947		.9	7.7	6.2	37.1	62.4	6.6	9.5	12.0	14.6
1948		1.0	8.6	7.6	42.9	68.4	7.2	10.0	13.5	16.2
1949	1.4	1.1	9.2	8.0	45.6	76.7	7.8	11.4	16.5	18.0
1950	1.8	1.3	9.8	8.4	54.1	86.6	8.9	12.2	18.2	20.9
1951	2.2	1.4	11.3	9.2	66.8	93.9	10.0	14.0	19.5	23.7
1952	2.6	1.6	12.5	9.9	71.4	103.1	11.3	16.6	24.1	24.6
1953	3.2	1.7	13.5	10.5	79.7	113.1	12.9	19.6	26.2	27.2

Table 43

Actual Gasoline Tax Rates in Effect in Each Province
at End of Each Year
(Cents per Imperial Gallon)

1953	14.	13	15	13	13	11	9	11	10	10
1954	15	13	15	15	13	11	9	11	10	10
1955	17	13	17	15	13	11	9	11	10	10
(May)										

Table 58

Federal Contributions to Provinces for Trans-Canada Highway
for Period from December 10, 1949 to December 31, 1954
(Millions of Dollars)

Province	Prior Construction	Interim Construction	New Construction	Total
Newfoundland	--	.2	4.3	4.4
Prince Edward Island	--		1.1	1.1
Nova Scotia	--	--	--	--
New Brunswick	.3	.2	1.6	2.0
Ontario	1.6	.3	12.5	14.4
Manitoba	.5	--	4.3	4.8
Saskatchewan	--	--	5.7	5.7
Alberta	--	--	7.4	7.4
British Columbia	1.2	.8	11.4	13.4
Total	3.5	1.6	48.1	53.2

Federal Revenue

As a footnote to the preceding discussion of federal road grants it will be appropriate to introduce here the subject of federal revenues derived from motor transportation. These are substantial. The tax of 3 cents a gallon it imposed between April, 1941 and March 31, 1947, brought a total of \$173 million but this tax of course has long since been repealed. The current sources are the long-standing excises and other imposts on automobiles and related purchases. A special excise tax has been levied on cars since 1918 and on tires and tubes (repealed in 1955) since 1933. In addition, the sales tax (first levied in 1920), now 10 per cent, applies to these products, and also to gasoline and lubricants. Customs duties are levied on imported automobiles and tires and tubes in addition to the above-mentioned special excise and sales taxes, and apply on a wide range of imports classified as automobile parts which are embodied in cars of Canadian manufacture. Corporation income and personal income taxes are also generated by these industries. From all the sources of indirect taxation (excluding income taxes) it is estimated that federal revenues for 1954 approximated \$225 million, approximately the amount the provinces collected under their gasoline tax.

Table 62

Estimated Federal Revenue from the Motor Vehicle
(Millions of Dollars)

Year	Excise Taxes		Customs		Estimated Total	
	on Automobiles, Tires & Tubes, and Year	Motor Cycles	Import Duties for Gasoline	Selected Commodities	Sales Tax Revenue from Gasoline	Sales Tax Revenue from Motor Vehicles
1949	38.2	--	18.7	17	35	108
1950	70.9	--	24.2	20	54	169
1951	101.1	--	35.3	25	62	223
1952	90.0	--	32.4	29	66	217
1953	106.3	--	40.1	32	79	257

For the years 1930 to 1952 federal road expenditures approached \$175 million, some 10 to 12 per cent of the total estimated federal revenue from the motor vehicle and related products. For the post-war years 1946 to 1952 federal outlays totalled about \$95 million or 10 per cent of the estimated federal revenue from related sources.

In Table 63 are given some figures which indicate in a general way the amount of income tax paid by the automobile and related industries. They are only approximate, since, for example, it is not valid to assume that all profit made from petroleum refining arises from products used in automobiles. Within such restrictions the figures are nevertheless of interest.

Table 63

Corporation Income Tax and Excess Profits Tax Declared
for Selected Industries
(Millions of Dollars)

Taxation Year	Manufacturing		Wholesale Trade		Retail Trade	
	Petroleum	Automobiles, Parts and Equipment	Motor Vehicles & Accessories	Motor Vehicles & Accessories	Gasoline and Oil	
1949	7.1	22.5	4.3	10.4	1.0	
1950	19.0	32.4	6.9	16.3	1.3	
1951	32.8	39.6	7.4	15.3	2.2	
1952	43.0	53.5	8.9	13.5	2.6	

Table 69

PROVINCIAL EXPENDITURES
NET CURRENT AND CAPITAL

For fiscal years ended (or ending) nearest December 31, 1946
and 1954 (Millions of Dollars)

Function	1946	1954	1954 as a % of 1946
Transportation and Communications	136.4	372.8	273
Health and Social Welfare.....	100.6	335.3	330
Education.....	88.5	246.7	359
Natural Resources and primary Industries.....	45.5	103.2	227
Debt Charges.....	51.2	59.1	115
Other.....	64.5	235.8	365
Total	486.7	1,352.8	277 "

THE CHAIRMAN: If there is nothing further
at the moment, we will adjourn now until this afternoon
at two o'clock.

---Whereupon, at 11:50 o'clock a.m., the further proceedings
of this Committee adjourned until this afternoon at
two o'clock.

A F T E R N O O N S E S S I O N

Toronto, Ontario,
Monday, January 9th, 1955,
2:00 o'clock, p.m.

— — — — —

The further proceedings of this Committee reconvened pursuant to adjournment.

PRESENT:

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

Messrs. Sandercock,

Yaremko, Q.C.

Auld.

Mackenzie,

Root,

Jolley,

Reaume,

MacDona

J. Collins

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. W. Q. Macnee,

Traffic Engineer, Ontario
Department of Highways.

Mr. S. B. G. Denton,

Cochran -Murray Company
Limited.

Mr. V. P. Shea,

Glore, Forgan and Company
(New York).

Mr. R. A. Boytano, Glore, Forgan and Company,
(New York).

Mr. Joseph Jeffery, Q.C.) } Of Jeffery & Jeffery,
Mr. R. J. Flynn, } London, Ontario.

Mr. J. H. Gilbert, Capitol Engineering.

Mr. Roy W. Smith, Capitol Engineering.

— — — —

THE CHAIRMAN: Gentlemen, we have a quorum, so we will get underway.

To the Committee, I would like to say that we have with us this afternoon, Mr. Joseph Jeffery of the firm of Jeffery & Jeffery, London, who will present a brief concerning a basic toll road proposal for a toll road between Windsor and Buffalo.

Mr. R. J. Flynn, is associated with Mr. Jeffery.

Mr. Shea and Mr. Boytano are from New York City, representing the Glore, Forgan Company, Investment Dealers, and Mr. S. B. G. Denton, from the Toronto office of Cochran -Murray and Company, who are the agents of Glore, Forgan and Company -- well, perhaps "agents" is not the right word, but they work very closely together.

Then we have Mr. Smith and Mr. Gilbert, whom I understand will not be submitting a brief, but perhaps they may answer any questions the Committee may care to ask.

MR. JEFFERY, Q.C.: With respect, Mr. Chairman, I do not think they are in a position to do that. They are here simply with a watching brief. T

THE CHAIRMAN: Then we will not ask them any questions.

I will introduce the Committee to you, Mr. Jeffery. First is Mr. Sandercock, then Mr. Root, Mr. MacDonald, Mr. Yaremko, Q.C., Mr. Mackenzie, Mr. Auld, and our reporter.

Mr. Macnee is from the Department of Highways, and I think you have met our Secretary, Mr. Collins.

We will proceed on a very informal basis, and perhaps you will not mind being interrupted if anybody wishes, as you go along.

MR. JEFFERY, Q.C.: Not at all, Mr. Chairman.

J O S E P H J E F F E R Y, Q.C.

London, Ontario, representing certain private interests, appeared before the Committee, but not being sworn, deposes and says:

BY THE CHAIRMAN:

Q. Mr. Jeffery, will you proceed in any manner you wish.

A. Before commencing, gentlemen, I would like to offer some explanation.

First, I would like **it** clearly understood that I am appearing purely in my personal capacity, as a member of the legal firm of Jeffery and Jeffery, and I do not pretend, in any way, to represent the thinking of London Life Insurance Company, of which I am President, nor do I represent in any respect, the Ontario Chamber of Commerce, of which I also have the honour to be President at the present time.

I would ask you not to confuse my remarks as being anything other than my personal views.

I have had some experience in some of the matters, and in others I have had to depend on information given to me by my friends.

Myself and my firm have had considerable experience with the problems of acquiring rights-of-way, as we have done pipe-line work and are responsible for a majority of the pipe-line work for the Sun Oil Company, when **it** put its pipe-line through Western Ontario, and we know the many pitfalls into which one can fall without having certain expropriation rights.

Secondly, I am aware of the corporate set-up we are proposing, as we have used this in connection with a non-profit organization which was set up in the city of London, which was used for the Farm Marketing Corporation, of which I happen to be President as well.

I have had some financial experience, and I have been a member of the London Life for some years. We have investment problems, and we know something of the points raised.

By coincidence, I happen to be a Director of the Dominion Bank. I do not pretend to be able to answer -- if any -- of the questions you will put to me, but I am bringing this before the Committee, because I feel it is a proposal worthy of consideration. I have been given encouragement by certain people, and they have thought this was a matter which should be brought before the Committee, and, with some trepidation, I propose to do so at this time.

With your permission, I will now read the preliminary observations I wish to make. If you wish, you may stop me as I go along, or you may wait until I have completed.

Much that I will have to say will be based on the report which I will refer to later, and which is the green book you see in front of you.

Unfortunately, at the time this was constructed, it was not assumed your Committee would be as extensive as it is, and I regret to say I have only some six or seven copies from my files. However, these will be made available to you, and I presume in due course you may wish

to study it -- at least, I hope so.

---The report to which the witness referred is contained in a separate volume, properly headed for identification, and will be made available to all members of the Committee, and other interested parties.

THE WITNESS: What I have to say at the present time, Mr. Chairman and gentlemen, is as follows:

"BASIC TOLL ROAD PROPOSAL FOR TOLL ROAD TO BE CONSTRUCTED BETWEEN WINDSOR AND BUFFALO THROUGH THE PROVINCE OF ONTARIO

HISTORY

Several years ago, through an introduction by my brother-in-law then employed by Capitol Engineering, I met some of the executives of that Company while visiting the United States and knowing of their considerable reputation as experts in the engineering side of the Toll road field, having performed services for among others, the following:

Pennsylvania Turnpike Commission

New York Thruway Authority

West Virginia Turnpike Commission

Sam Houston Turnpike Corporation (Texas)

Florida State Turnpike Authority

Oklahoma Turnpike Authority

Connecticut State Department.

In the course of conversation, I enquired

whether a Toll road might not be practical in Ontario between Detroit and Buffalo.

The executives of Capitol Engineering stated that this was an interesting suggestion as they had discussed it among themselves previously and they were inclined to view the project feasible. I asked them if they were in a position to summarize this thinking in a brief memorandum from such public records as were available, and from their observations gained while passing through that part of the province on their no doubt frequent trips between Buffalo and Detroit.

I expected a rather elementary report, and was delighted to receive a comprehensive memorandum prepared by them in Buffalo, indicating that they had read and digested considerable statistical data that was available to the general public in the United States, and as a result of my perusal of this memorandum, some copies of which I am now making available to the Commission on request, I have made up my own mind that a Toll road, along the lines referred to, was not only feasible but also most desirable.

In order to make such a proposition practical, the following factors should be taken into consideration:

- (1) The land for the highway must be obtained by expropriation procedure in order to ensure a reasonable cost and directness of route.
- (2) The interest factor must be kept to the lowest practical minimum in order to permit the Toll road to pay off the cost, interest, carrying charge and operating expense.
- (3) Such a capital structure must be used as will ensure a very minimum of diversion of income to tax payments;
- (4) If the other provisions should be met, it will be necessary to obtain substantial assistance from the province in the preliminary survey; each of which items I propose to deal with in more detail."

I want to make this point quite clear. It does not pretend to be an engineering survey, which could not be prepared without detailed studies at considerable expense, of the route; the engineer would have to be licensed in the province of Ontario, and I would assume -- although I cannot speak for them -- they would have to have at least Canadian associates.

I presume this generally follows much of the procedure followed when the subway was constructed in

Toronto, and there will be no attempt to evade nor avoid any legislative protection of the engineers of the province of Ontario.

I hope I have made that very clear.

"1. POWERS OF EXPROPRIATION

I consider it unlikely and probably undesirable that powers of expropriation be given to the Non-profit Corporation it is proposed to form, but it is essential that the province be prepared to expropriate the necessary lands and turn them over to the non-profit Corporation to be formed, at the minimum cost of acquisition. This is vital to the operation, because we cannot afford to obtain this land on a competitive market, as that would make the cost of the highway economically impracticable. Also, it is vitally necessary that the route of the highway be as direct as possible to ensure its success.

q. The preliminary memorandum indicates that the most optimistic view, consistent with a reasonable safety factor, can contemplate an interest rate of not more than 4 percent."

This is the item dealing with interest, which I have already mentioned.

It goes on:

"If this is to be possible, it means that the province would have to give a complete deficiency guarantee in order to arrive at this rate. Otherwise, it is highly doubtful that the interest rate could be expected, on a venture of this type, to be less than probably a 6 percent. figure, which would leave no safety factor whatever, even under the most optimistic efforts. In comparing this with United States figures, it must be recognized that the Toll road bonds in that country are almost invariably tax-free in the holder's hands."

That is a thing not only unlikely, but practically impossible in this country.

"Therefore, the interest rate can be substantially lower, when you have tax-free bonds.

3. Capital Structure

My recommendation is that for the purposes of this Corporation, a non-profit Company be set up and so providing that the completed highway be returned to the hands of the province of Ontario when all interest, costs, etc. are repaid. Such a company would consist of a Directorate of substantial men of varied political faith and in addition, contemplate substantial representation on the Directorate of representatives appointed by the province of Ontario

from time to time.

Such types of company have already been formed in other interests and are provided for under Part 3 of the Corporations Act of the Province of Ontario and are set up without share capital, but financed through bonds and debentures.

The Corporation would construct and operate and maintain the new Toll road subject to the Laws of Ontario with regard to operation; policing would be under the direction of, done and paid for by the province of Ontario, but as the memorandum indicates -- by 'memoranda' meaning this green book (indicating) -- the capital cost of structure for police housing and radio communication would be borne by the non-profit corporation.

4. PRELIMINARY SURVEY

If a green light is given by the province of Ontario to this proposal, it will be necessary to make a formal and precise preliminary survey which if it were done by the conventional methods might cost up to \$250,000. but some saving must be affected if full facilities of the Ontario Department of Highways were made available. And all savings affected, in the preliminary survey, will result in a profit to the province and does not seem too unreasonable.

If the province is to be the bigger gainer, they should take part of the initial risk that such a survey necessitates."

The point is if this expense is borne properly, and paid off, they should take part of the initial risk caused by the toll road operations.

"CONCLUSION"

I want to make quite clear to the Commission that I have not proceeded frivolously in making this proposal and have taken every reasonable measure of ascertaining the preliminary facts before appearing before you by discussing this with my friends, Capitol Engineering Co. on many occasions on visits to them and similarly have informed myself on financial matters as particularly applied to Toll roads with Glore, Forgan & Co. of New York City, and its Canadian ASSOCIATES and I have already pointed out the qualifications of Capitol Engineering and would point out that Glore, Forgan & Co. is one of the outstanding bond houses in the Toll road picture in the United States, as they have already financed the following:

Ohio Turnpike

Indiana Tollroad

New Jersey Turnpike

New Jersey Garden State Parkway
New York State Thruway Authority
Pennsylvania Turnpike
Kansas Turnpike
Connecticut Expressway
Massachusetts Turnpike
Maryland Roads Crossing
Capitolpool River Tunnel
Florida Turnpike
New York State Power Authority."

They helped to finance that. They did not finance it completely, but they played a major part in the financing of it.

"On the other hand, I wish to correct any erroneous impressions of the Tollroad Commission on the strength of the information I have acquired or made available. This was by no means the intention of this presentation. This brief and attached memorandum merely indicate the basic thinking based on available statistics and must be judged as such.

However, it must be pointed out that this involved considerable time and expense on the part of all persons concerned and it is not reasonable to suggest any of us should go to further expense unless active encouragement is given to us by those with

authority to do so.

Some exception will be taken in various quarters to the province's expropriation of land and turning it over to a provincial corporation, whether non-profit or not, and in all probability the same will apply to the deficiency guarantee.

It must be pointed out that the province of Ontario and its citizens expect to get real value for powers or guarantees so given, in that it all will enure to their benefit when the bare costs of operation and financing are paid off, with no secret profit that can or would be disguised in the transaction. Not only will it give the province of Ontario something for nothing -- even if some sums were required in deficiency guarantee -- but, in fact, will supply a completely new and much needed super highway, plus the equivalent of a gas tax revenue which probably would not be received if not for the Toll road; as it now seems probable that a very high percentage of American cars using the existing highways between Buffalo and Detroit are paying very little gas tax to the provincial coffers for the use of the highways over which they travel, because of the fact that it is a very common practice for trucks and passenger cars to

to fill up their gas tanks before entering the province and not re-filling them any more than absolutely necessary until the province is left behind.

So that, in effect, if figures indicated prove to be reliable -- and we believe them to be so -- the province should, in less than 20 years, receive back an asset completely paid for which should bring a total revenue of over \$15 million a year.

I firmly believe that if a deficiency guarantee is given, the Financial House of Glore, Forgan and Company are in a position to place bonds in Canada and the United States and I will now ask them to give them their viewpoint on the subject."

With your permission, I will now call upon Mr. Shea, to say a few words to the Committee.

THE CHAIRMAN; Mr. Shea, would you come forward, please?

MR. SHEA: At this stage of the development of this toll road, I can say that the Glore, Forgan Company, in connection with a group of Canadian investment dealers, and American bankers, are prepared to finance this road along the line suggested by Mr. Jeffery.

We would, however, require a very precise, on-the-spot, and up-to-date engineering report, on the feasibility of the road, and the probability of its paying

its own way.

We would also require some assurance that the province would give at least a deficiency guarantee. I feel that without a guarantee of some kind from the province, the bonds could not be placed at any reasonable interest rate.

THE WITNESS: That completes our basic presentation.

I will be very glad to answer any questions which the Committee may care to ask, if I can.

I do not pretend to be an engineer, but I feel the Committee may wish to carefully read the attached memoranda, and then possibly ask some questions. I hope I have made it clear that I do not pretend, for a moment, that this (indicating) is what you should build as a highway. That would be absurd. But I suggest this is a basis for thinking, and if you see fit to commend my recommendations, then we must immediately establish some method of finding out whether this report (indicating) is correct or not.

I am sorry I have not more copies, but I will hand what I have to your Secretary.

THE CHAIRMAN: Thank you very much, Mr. Jeffery.

THE WITNESS: I might refer to a couple of particular details, in passing, which I commend to you for consideration.

The whole gist of the matter is contained on the pages -- just after page 20 -- beginning on page 21, which purports to be a reasonably accurate map showing the turnpike as of the date of the preparation of this brief, which was in October, 1954, to indicate the fact that it will link up with what is already under construction or has been authorized.

My advisors in the United States and I, have discussed this at some length, and they are inclined to the view that in no place in Ontario-- and possibly in Canada -- will a toll road be practical unless you have a large volume of American traffic to help support it.

I suppose many of the citizens of this province will say, "Why should we provide roads for the American traffic?". That is a logical question; but I think your Highway officials will agree there is a considerable amount of American traffic using the roads, particularly Highway No. 3, from Detroit to Buffalo, which are not paying their full share of the gas tax, and it seems economically practical, if we could have some method of trying to extract that money from the American tourists, who are proceeding through our countryside.

If you will turn to the back of the book, you will see a somewhat lengthier map showing possible routes.

This does not pretend to be anything but a

suggestion. We will consider the matter in consultations with the Department of Highways to see how it ties in with their planning, because we have no information on their finishing date. They probably have many plans which may go much further.

So if you have a criticism of the route, you can criticize all you like, as I am not holding myself responsible for the route, but if I were in command of the company which would build this road, we could not build it, until we have had these extensive surveys both on-the-spot and by traffic count.

That is dealt with in considerable detail in the memorandum which I am proud to present. It has been considered very carefully. You can pick holes in it, but so far as I am aware, it is a comprehensive plan, one of the most comprehensive of which I know, which has been produced.

Thank you, Mr. Chairman, and gentlemen.

BY THE CHAIRMAN:

Q. Mr. Jeffery, there is one sort of basic point which occurs to me. If this Company wishes to use (a) the provincial powers of expropriation, and (b) a provincial guarantee of the financing, what virtue does your scheme have over a provincial Commission to build such a road, a Commission similar to Hydro, or something of that nature?

A. My suggestion, Mr. Chairman -- and it is purely

a suggestion -- is that this would be completely -- and I do not mean any reflection on this Committee or the government of the day -- but it would be completely a non-partisan organization, which personally had very little to gain financially from the picture. It is a unique thing. It is my opinion that it is the thing to do.

I am not aware that in many places in the States it has been done in the way you propose.

Q. I do not know of any place in the United States where it has been done as you propose.

A. It is being done in Texas at the present time.

MR. REAUME: I think that is a very important point. I think if we have to build a road, let the province build it. I do not think we should hand over our roads to any private company at all, with the private company using our powers.

I think a Commission should be set up, something on the order of Hydro, with the proper type of people handling it, and I would be opposed to any private company taking over our roads at all.

There are things which enter into it, such as policing and so forth. I think we should "squelch" that right now, and not waste any time at all on it.

MR. MacDONALD: I would be inclined to "go along"

with the basic idea Mr. Reaume has suggested, but I am curious as to your question, Mr. Chairman, namely, what advantages, if any, are there in this proposal over the Department of Highways doing it themselves as another division of the Department of Highways, or a Commission under the government?

What advantage is there over its being done by the government, or the Department of Highways?

THE WITNESS: My answer to this is a simple one. I suggest that economies can be effected, and have been effected, by private business, which have not been effected in government. That is my opinion, and I am entitled to it, as you are entitled to your opinion.

As you know, everybody does not bet on one horse.

I made it clear in my reading of the brief that we do not do the policing.

BY MR. REAUME:

Q. Who does it?

A. You do. It is just a question of which one you believe in. I am a basic believer in free enterprise, and I am entitled to believe as I wish, just as you are.

I am putting this before you, and you have just as much right to turn down the proposal, as I have to present it. I am simply doing my job in putting this before you.

BY THE CHAIRMAN:

Q. I have had the opportunity of looking at this green book, and a great deal of the information contained therein, and in your brief, is of great value to us and to the government. There is information there which we need, and we are grateful to you for giving it to us, and you have prepared this at a very obvious expenditure of time and money on your part, but I still must get back to the point I mentioned before.

I am a believer in free enterprise, but if you use governmental authority to acquire land, and governmental authority to police, and governmental authority to guarantee, and put on some governmental controls as well, you have departed some distance from the realm of free enterprise.

A. The same principle was adopted in connection with the marketing building in London, and the government gave permission to do the same thing. So you are not consistent in saying the government should not and would not do it.

Q. I am not saying that. However, all these proposals have advantages and disadvantages, and we just want to be in a position to hear them. We are seeking information.

MR. REAUME: It is a little different there.

There you are dealing with one building, while here you are dealing with -- how many miles of road?

THE WITNESS: 220.

MR. REAUME: Yes, with 220 miles of road.

MR. MacDONALD: If the only advantage to be accrued is the alleged greater efficiency, if we are to extend that consistently, we must hand back the Hydro, because it would be more efficient, but, to me, that is a very questionable thesis.

THE CHAIRMAN: I think we can easily get into a political-economy debate on this point, which would take us very far afield.

MR. MacDONALD: And Mr. Reaume has just mentioned a good idea, hand the whiskey stores back to private operators, too.

BY MR. YAREMKO, Q.C.:

Q. This toll road situation; looking at a very specific area and a specific road, and then going back to that market place, that was a market place for the city of London, and not tied in with parking facilities anywhere else in the province.

I think if we cannot find any advantage in it, one of the outstanding disadvantages is that you are taking the choicest and most feasible, economically, piece of road, and handing it over specifically to a non-profit

making corporation, but that will not solve the problem which I believe faces this Committee, and that is toll roads in the province of Ontario, perhaps where they may not be economically feasible.

My own line of thinking goes along the line that sometime we will have to tie in something which is feasible economically 100 percent. with something which is not so economically feasible, in order to complete the picture.

BY MR. AULD:

Q. That leads me to a question, Mr. Jeffery, which I was going to ask. Do you believe that a private corporation would be prepared to undertake the building of a superhighway in other parts of the province, together with the one which everybody seems to agree is the "plum", and offset perhaps the prospective losses for the whole thing, by the profits of the one which is doing well?

A. I would be glad to take on any job, but all I can say is that I believe, after consulting with various people, that this is the only one which is economically practical, and that is, where the people would turn it over immediately when the costs are paid off.

If we had a traffic count, it may indicate it could be paid back in twelve years.

I am bringing this forward as a citizen, and

it strikes me it is a good piece of business, if the province can see its way to proceed.

It is my belief that the province cannot do this, any more economically than perhaps a Commission. Maybe they can. We can be here all day discussing that. I am not here to discuss that.

It seems to me, if the province is giving a deficiency guarantee, it does not matter whether the road runs from Owen Sound to Hudson's Bay.

I believe it is an economical, feasible and practical proposition.

BY MR. AULD:

Q. Your basic submission is you feel it could be done more economically by a group which had no connection with the government?

A. It is my contention, and being a free enterpriser, I will take that position.

BY MR. ROOT:

Q. Do you think this road is practical?

A. Yes.

Q. Do you think it is practical to toll a road in one part of the province, and leave another part of the road free in another part of the province?

It might be, from the standpoint of private enterprise, but what about the other people in the province?

A. Perhaps 80 percent. of the American tourists are not paying the full share of the gasoline tax, which I think is a serious drain on the provincial resources, and this is a practical means of removing that drain for the betterment of the roads of the province of Ontario.

You can put it any place you like, and, being a business man, I think it is something which would be good for the business of the province.

I do not believe a toll road in some places is economically feasible.

BY MR. YAREMKO, Q.C.:

Q. If you are putting in a toll road, somebody has to pay for it. If it is feasible that the road is necessary, whether it pays for itself or not, and from what I can gather, a toll road which is economically feasible is perhaps not the most urgent need we have at the present time in the province of Ontario.

A. That is a matter for you to decide. I am not in a position to judge that.

BY MR. ROOT:

Q. To make it economically feasible, you say the province would have to give a deficiency guarantee, and that is vital to the operation, because we could not afford to obtain this land on a competitive market.

Is it economically feasible if you cannot pay

the market price?

A. Certainly. You do not pay the market price on your highways. You get the land by expropriation. I think it works out to about \$700. an acre.

BY MR. MacDONALD:

Q. What you are saying is, it is economically feasible if you expropriate this land on a non-free enterprise basis?

A. You do not suggest you rob the farmers when expropriating their land? What a shocking thing!

Q. No, but you want them to be robbed.

A. I have been in the position of being the solicitor for an oil company, trying to put a pipe-line through without expropriation proceedings, and some of the grey hairs I have in my head are there because of that procedure.

There are some who will say, "I will not sell; I do not care how useful it is to every citizen of the province of Ontario, I will not sell at any price".

BY MR. YAREMKO, Q.C.:

Q. What puzzles me from the economic standpoint is that a toll road, which appears on the face of it -- subject to any feasibility report -- that it will pay for itself from the tolls, and is tied in with your proposition for a deficiency guarantee?

A. I have explained that, if you will read back

very carefully.

I say it is only reasonable for a road with less than 6 percent. safety factor.

I have had twenty-five years' experience, and I think there is no way you can get a 4 percent. rate unless the provincial government will give a deficiency guarantee.

I am not saying this would be a profit-making company; I am not proposing that at all. But I am proposing setting up a non-profit company, of which every nickel will go back to the province when paid for.

The only "gimmick" -- if you want to use a slang expression -- it is for those who do not buy their gasoline here, because you are being robbed every year of the gasoline tax, which you are not gettting, because the Americans will not fill up their tanks on the Canadian side.

BY MR. MacDONALD:

Q. Just because you have a toll road, what difference would there be in the buying situation? Will it mean that we will get the Americans travelling here and buying more gas in Ontario?

A. We get it on the toll. I do not care if they buy a nickel's worth of gasoline, we will be getting the money which we are not getting now.

BY MR. ROOT:

Q. You think the American tourists would leave the existing roads, and take the toll roads?

A. They would, I believe. That has been the practice in the United States, I understand.

Q. The other gentleman (Mr. Shea) mentioned we would have to have the province guarantee the bonds to get a reasonable interest rate.

A. Yes.

Q. What do you call a "reasonable rate"?

MR. SHEA: In Ontario, I think you have to figure at least 4 percent. As pointed out before, these toll road bonds in the United States -- the holders pay no income tax on the income they receive from those bonds, naturally they sell down there at a lower rate than a corporation bond, so I would say they would have to pay 4 percent. with the Ontario guarantee.

MR. ROOT: But on the feasibility of the road alone, you think it might be 6 percent.?

MR. SHEA: A toll road without some kind of a guarantee is rather difficult to build, without some kind of State or provincial guarantee.

BY MR. YAREMKO, Q.C.:

Q. If the feasibility report turns out to be such that it showed the estimated revenue from every toll

highway would be so much, do you think it might be within the realm of possibility that it could be financed at a relatively low rate of interest without the guarantee?

MR. SHEA: I doubt it. I think if we are to build a toll road, the bonds would have to be guaranteed by the province.

BY MR. REAUME:

Q. That is a strange thing. I understand they build toll bridges without any guarantee on the part of the province at all. For instance, in Windsor, when the Ambassador Bridge was built, and the tunnel was built, and when the Halifax bridge was being built --

A. The Halifax bridge is guaranteed, and the others have not been exactly a complete financial success, as you know.

Q. It is now.

A. It was not at first.

Q. It is now.

A. Surely, but it was not at the beginning.

Q. Well, it is now.

BY MR. MacDONALD:

Q. I understand that recent Hydro bonds were sold at 4 percent., and it seems to me a toll road would be in no better position than Hydro, with all the uncertainties

in connection with the road.

A. That is not a fact. The reason Hydro bonds are selling at $4\frac{1}{2}$ percent. on the issue --

THE CHAIRMAN: Did not Mr. Brown give us some information this morning, and tell us what the last issue was?

In any event, I do not believe we can arrive at any decision down to a point of one-half of one percent. in yield, because by the time the preliminary survey is done, Heaven only knows what will have happened to the money market, and changes might take place very easily.

BY THE CHAIRMAN:

Q. There is one question I would like to raise, and that is when this preliminary study was made, I do not think you considered the construction of Highway 401.

A. Oh yes, we did. I think we did not know all of the provincial plans, but we contemplated the highway, and we studied the reactions in the States where there had been competing roads.

Q. May I go on from there then? Even though you would have a parallel road, with the same engineering features, the same safety features, speed features, and so on, as far as London is concerned, you still think a toll road would be economically feasible?

A. Let us put it this way; it would be our thinking

that possibly if they do the constructing, there may be parts of ^{it} which the province might consider abandoning, and just fixing up the existing highway No. 2. If this very heavy traffic was taken off, it might be practical then. I am not saying it would be.

It would take me too long to put my hands on them, but there are figures of what the States have done in regard to the use of the roads.

Q. You could do it one way, either scrap Highway 401 or build a larger toll road connecting with 401. I am not saying that is feasible.

A. You can make the toll charge more attractive, to get them to use this road rather than the other.

Q. The road could tie in with 401, at Eastwood, and again at Temple, where that particular section of Highway 401 starts.

BY MR. ROOT:

Q. What volume of traffic did you take?

A. It is set out here on page 23 of the green book, and it goes on to the number of vehicles shown, on page 24, starting off in 1958 with 2,308,000, and moving up to 1967, with 3,900,000.

Q. How many per day?

A. I have not figured it out on a per diem rate, Mr. Root.

BY THE CHAIRMAN:

Q. The Department of Highways did a traffic count for us on that road. Mr. Macnee, the Traffic Engineer, is here, and he might give us a little information in regard to the figures he obtained.

We found out, as a rough working rule, that it seems on the American toll roads a traffic volume of 5,000 cars per average day is required. That is, you have to have that many before it is even feasible to investigate the feasibility of toll roads.

If you get less than that, you might as well drop the whole project, and not waste any further time. These predictions done by the Department of Highways ran from 6,046 at Windsor, to approximately 5,300 at London, and then they go on to Toronto. They do not cut south-east from there.

A. Upon looking into this, I found an interest in the toll roads; for some unexplained reason, they seem to generate much more traffic than the count showed existed before. Why, I am not prepared to say.

Q. We had that pointed out when we were talking to the New Jersey Turnpike people, and those of the Pennsylvania Turnpike, and the New York Thruway. It is what they call "induced traffic". Apparently, the engineers have some way of arriving at that. What it is,

I do not know.

MR. MACNEE: This is assuming that everybody will use the road. It sort of compensates for your induced traffic, because by building new roads, you make the old roads more desirable, and some people will stay on them.

THE WITNESS: I think that point is well taken. The only record we had to go by and an assumption to make, was that it may be you would go further with the proposal that the thing was found entirely impractical when your own engineers made a survey.

However, that is our submission, and I submit it for what it is worth.

BY MR. REAUME:

Q. I do not want to be rude about this, but I think I have to say this, that if we were to allow private enterprise to use the powers of the province and enter into a deal to operate this road for a period of time, the persons who purchase the bonds of the road would not actually take a chance at all. There is no element of gambling there at all.

The only people who would take the chance is the province of Ontario, and I think if we were to put our approval on such a plan as that, there would be the biggest hue and cry all through the province, that

we have ever heard.

A. That is interesting, but if it is a non-profit company --

Q. Mr. Jeffery, I understand it is a non-profit company if these people were trying to finance or trying to promote a road and build it and operate it over a period of years, you say at a non-profit, you would be working here today without any profit, and you are not, I do not suppose?

There must be some kind of a profit in it at least from the point of view of selling the bonds or in handling the finances.

A. You, yourself, when you sell bonds, get a profit.

Q. I can say this; if we are going to build a toll road, I agree with the other members of the Committee, that we should set up a Commission similar to that of Hydro, and operate it purely and simply by the province. If you can do it, I think our people can do it.

A. If there is any allegation there of any hidden profits, I would like you to withdraw that statement, because the only possible profit I can see I might obtain would be that I imagine our firm might be employed to search the titles.

As far as the market in London is concerned, I have not received one five-cent piece as profit.

Q. Then I will put it more clearly. I am opposed to the principle of your plan.

A. That is alright, you are entitled to your opinion.

THE CHAIRMAN: Are there any further questions to ask of Mr. Jeffery?

BY MR. ROOT:

Q. I raised a question, but I did not get the answer I wanted.

We are dealing with the problem of whether the province of Ontario should finance a road by tolls; do you think it is practical to build a toll road in one part of the province, whether done privately or in any other way, and then build the same type of road in another part of the province, and leave it free?

A. Yes, I will answer that, and I will tell you why I think it is practical.

It would be unfair to take the gasoline tax and take a toll as well, but in this instance, the heaviest part of the traffic will be American traffic, which are not paying any gas tax at this time. This will make them pay it.

It is different from a toll road where you do not have the vast proportion of American traffic.

BY MR. MacDONALD:

Q. Then to pursue that to a logical conclusion, we

can rule out toll roads altogether?

BY MR. REAUME:

Q. I think your fundamental principle is that you cannot have a toll road as a unique road? In other words, there must be a parallel road so that an individual has the opportunity of riding on it or not, as he sees fit.

If he wants to take advantage of the advantages of that construction, he may do so by paying for it, but if he does not choose to pay the fees, he does not get the advantage of riding on that type of road, and he can ride on the roads paid for from the gasoline tax and the registration fees of the province.

It seems to me that is the answer. You do not construct a toll road unless there are parallel free facilities.

MR. YAREMKO, Q.C.: I am in complete agreement with that, Mr. Chairman.

BY MR. AULD:

Q. The gasoline tax would give people throughout the province roughly the same facilities; they would have the same type of engineering, and the same standards of road, but if you are building a controlled-access or a high-standard superhighway in one place, there are still people who are paying the same gasoline tax, who do not get the advantages of it.

A. I maintain that to travel this road, people will have to pay this gas tax, plus perhaps 1.2 cents per mile. But they do not have to take that road, if they do not want to. There are other roads.

But I think we are "missing the boat" in trying to build a road without parallel facilities, on account of the traffic which is using those roads.

MR. AULD: I did not say that, but there are people in the province who are paying the same tax, who do not have the opportunity of driving on superhighways like No. 400 and 401.

MR. YAREMKO, Q.C.: In those areas, there are fewer sharing the cost of the highway. The people on the highway built from the gasoline tax will pay for it, and a man who is content to travel on the highway for which the gasoline tax will pay, will continue to do so.

If he wants to pay the additional bonus to get additional facilities, he will get them.

MR. AULD: I agree with you.

BY MR. REAUME:

Q. I understand in some places they issue little stickers whereby any resident of a State can travel on that super road without any charge?

A. I am not aware of that.

THE CHAIRMAN: They have that in New York, in

regard to the New York Thruway. Anyone with a New York registration can pay an annual fee -- I think it is \$20.00, and that will take him on and off the toll road as many times as he pleases.

BY MR. YAREMKO, Q.C.:

Q. He still pays the gasoline tax, in addition to that.

A. I understand it does not apply to a bridge.

THE CHAIRMAN: I can understand that.

Apparently it is about an \$84 million bridge.

BY MR. ROOT:

Q. How many American motor cars a day do you think would use that road?

A. Your own Department can give you that information more accurately than I.

MR. MACNEE: I can only say how many are using it now; we have no way of knowing how many would be induced. I think that would have to come from the people in the United States.

BY THE CHAIRMAN:

Q. There are many problems here. For instance, our axle loadings are different here than in the United States, and is proportioned with the construction of the highways. If a new road was built, and constructed properly, and the axle load was made similar to the axle

load used in the United States, there might be a whole wealth of traffic which would come through the province, which cannot come through today, because they cannot get licenses to run on the roads.

A. Somewhere it runs in my mind that the heavy traffic would save up to ten hours travel time, which would be quite a factor.

Q. There is one question which has been raised, but I do not know whether you or your associates have given it any consideration, but there is a new thruway by a combination of toll roads being built through Pennsylvania, Ohio and Indiana.

The question has been raised, if this road from Fort Erie to Windsor got into a rate war, whether the toll facilities in the United States, having visions of that essentially American traffic, would lower their rates, which might affect the Canadian road, depending upon traffic from outside the jurisdiction, and then what position would you be in? Have you given that any consideration?

This traffic which goes over your road would be completely outside the control of your jurisdiction, and if it was decided to stop it at Buffalo, they would not reach our road at all. I do not say it will happen, but it is possible.

You might get into a rate war, where they would drop their rates down.

A. I think the answer to that is the saving of time of perhaps ten hours, and the rate for the truck only being about \$8.00, there would have to be quite a cut to absorb the ten-hour saving.

Q. I suppose if these roads are continued to be built in great numbers, that we will perforce reach the point where one toll road is competing with another toll road for traffic. It has not occurred today, as yet, I do not think.

MR. REAUME: The only important element is the element of time saved.

THE CHAIRMAN: As long as the American traffic has the free right to make up its mind. But supposing a toll road in another jurisdiction finds it will default on its bonds, because Ontario has taken all the traffic, might we not get into a competitive situation, which might be a little unhealthy?

MR. REAUME: That is possible.

THE WITNESS: Yes, that is possible, of course.

BY MR. ROOT:

Q. We have to provide roads, and I think we should have a survey of what American traffic will use the superhighways. If there are 5,000 on this road, how

many are on the Queen Elizabeth Way, and how many on Highway No. 400?

MR. MACNEE: We could supply those figures. At the present time, there is something less than 2,000 American cars per day on Highway No. 3.

Percentage-wise, on practically all our major roads, the American cars have a high percentage, but on a year-around basis, it is not really a very significant figure.

THE CHAIRMAN: Those are the figures you gave us for the Barrie road.

MR. ROOT: How many on that road?

THE CHAIRMAN: 20 percent. of the average daily business on the Barrie road was from out of the province.

MR. ROOT: What about the Queen Elizabeth?

THE CHAIRMAN: It is actually a great deal smaller on the Queen Elizabeth, because that is primarily a commuter road, on account of the industries located along it. It is probably much the same as the Barrie Highway.

MR. ROOT: This proposed road would carry the same number of American cars?

MR. MACNEE: About the same. Then there would be fewer Canadian cars.

THE WITNESS: Have any of you travelled on Highway No. 3? It is a very tortuous road for Americans

to negotiate.

MR. REAUME: Yes, that is true.

MR. ROOT: I think that is something we should keep in mind.

MR. REAUME: Is there any estimate of the total cost of the road?

THE WITNESS: It is all set out on page 46, "Projected Costs", and then there are the details. Mind you, they are simply estimates.

BY MR. REAUME:

Q. Have you worked out how much you would have to charge per mile?

A. Yes. It is roughly 1.2 cents per mile for the passenger car, and an average of 4.8 cents for trucks. That is an average.

If I may say so, you will find this (indicating) interesting reading, whether you agree with it or not.

THE CHAIRMAN: I do not think any of us disagree with the facts you have produced, and I think we are very grateful for the information you have presented. Whether we do it your way, or in some other way, you have given us a great deal of information, and I do not think there is any argument about your facts and figures of the project.

It seems to me that the method by which you propose to accomplish this, may not be in agreement with

the thinking of the Committee, but you do get our thanks for submitting all this information on the projected route.

As with any other problem, we will have to give it some consideration, and go into it further, before coming to any conclusion.

Are there any further questions, gentlemen?
(No response).

If not, on behalf of the Committee and myself, I thank you very much for appearing before us.

THE WITNESS: Thank you for your kind attention.

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---The witness retired.

THE CHAIRMAN: We will take a short recess at this time.

---Whereupon a short recess was had.

---Upon resuming.

THE CHAIRMAN: We have a quorum, so let us resume our proceedings.

We had allotted the entire afternoon to Mr. Jeffery, but it has not taken that long, so there are just a couple of things with which I want to deal at this time.

Mr. Reaume has handed me a letter addressed to

himself, from Mr. C. Clinton Campbell, President of the Canadian Transit Company, which owns and operates the Ambassador Bridge. Perhaps I should have referred to this letter before Mr. Jeffery left.

However, I think it is sufficiently interesting to have it read into our records. It is as follows:

"Dear Mr. Reaume:

In connection with the proposed toll highway from Windsor to Niagara Falls, there are certain points that occur to me, and I would like to pass them on to you for what they are worth.

Firstly it is extremely unfortunate that a general impression seems to exist that such a highway would be advantageous primarily to American traffic. This line of argument is completely misleading. The fact of the matter is that while American motorists and trucking companies, if permitted, would use the highway in great volume and help materially to make the project economically feasible, the benefits that will accrue to Canadian communities, Canadian trucking companies and individual Canadian motorists outweigh all other consideration, and these benefits alone should determine any decisions regarding such a project.

I have noticed stories in the press with

particular emphasis on the argument that such a toll highway would be built largely for the benefit of American trucking companies. I am afraid that many people are under the impression that American trucks go hither and yon in Canada in the same manner as do the American tourists. This, of course, is not the case. American trucking companies are not permitted on the streets of Windsor unless by special permit, and that is rarely granted. Goods transported to and from Canada over the Ambassador Bridge are carried by Canadian trucking companies, and they are allowed to make direct deliveries and pickups in Detroit and vicinity.

The only American trucking companies permitted on Ontario highways are the few U.S. companies that are licensed to haul goods 'in-bond' from Windsor to Buffalo. It is a reciprocal set-up and is strictly regulated as to the number of daily trips each company is permitted to make, the days of the week they can use the road, the fee required for each trip and other stipulations. Actually, these regulations operate to keep the number of trucks to a small percentage of their potential. This traffic crosses the Ambassador Bridge, and we keep

an accurate record as to the extent of the operation. In 1955, there was an average of seventy-five (75) trucks per day (total both ways), and most of these were concentrated in the winter months when the car haulaways are in operation. If the regulations affecting this 'in-bond' truck traffic are not modified, the revenue from American trucks on the proposed toll highway project will be very small indeed. This is not to say that U.S. trucking companies would not welcome the opportunity to use the shorter route to Buffalo, and they could be of tremendous help in making the road economically feasible.

The point I desire to emphasize is that it will be the Canadian trucking companies that will benefit primarily from the proposed toll road. They do all the hauling and delivery of goods involved in imports and exports. Therefore, to base objections to the toll highway idea on the issue of American trucks is a completely unrealistic premise, and it would be very unfortunate if the bugaboo of American trucks is used successfully to defeat a most worthy and sound project.

So far as passenger cars are concerned, the number of American motorists using the Canadian route

to the East is decreasing each year because of inadequate road conditions, coupled with the terrific competition from the toll highways in the United States. More than 5,000,000 American cars in 1955 entered or departed from Canada at Windsor. Here is a tremendous potential for toll highway traffic. With the proposed toll road connecting with the New York Thruway at Buffalo, it is not difficult to visualize the tremendous increase that would occur in our present volume.

So far as Ontario motorists are concerned, I would like to call your attention to the plan used by the New York Thruway. For the sum of \$20.00 per year, residents of New York State receive a special license plate which entitles them to use the Thruway as much as they desire, and the only cars that pay the toll are the out-of-state cars. Such a plan would eliminate the necessity of Ontario motorists paying a toll each time they use the proposed toll highway.

I noticed that the No. 3 Highway Association opposes the project because it would be 'of no benefit to the people of Ontario, and most especially those living along No. 3 Highway'. I wish it were possible for groups of this type to make proper

investigation to get the actual experience of toll highways now in operation. The amazing part of the New York Thruway story to date has been its dynamic effect on industry and commerce along the route.

New plants have been built and old ones enlarged to reap the transportation benefits that accrue to them from the Thruway.

The Pennsylvania Turnpike has greatly increased the tourist and vacation travel in Pennsylvania. Tourists attracted by the Turnpike stay to visit points of interest which lie within easy reach. Business men in many sections of the state originally opposed its construction because they thought it would hurt local business. The results have been just the opposite. Many opponents of the toll roads felt the tourists would 'fly' non-stop across the state, when actually, a very small percentage of the vehicles using the Pennsylvania Turnpike travel the full length, which means that the greater majority depart and enter through intermediate interchanges along the route.

Finally, there is one basic and controlling reason why the toll road idea should be given serious consideration. Everyone agrees that new roads are vital, not only for the safety of Canadian motorists,

and the American motorists they invite to use their roads, but also from the standpoint of national security. Naturally, if tax funds could provide adequately for the highways needed today, there would be no necessity for toll road facilities, and no one would advocate them. The Windsor Daily Star, in a recent editorial, said, 'Do you know the American Automobile Association, representative of the ordinary motorists, is opposed to toll roads if adequate highways can be provided by ordinary methods?' That is the whole point --- and no one has come up with an answer as to how they can be provided 'by ordinary methods'. And, of course, in providing a toll highway the bondholders take all the financial risks -- not the taxpayer.

A toll highway built between the existing No.2 and 3 Highways, with interchanges connecting it with all the communities along the route, will, in my opinion, be highly beneficial to these communities, as well as the Canadian motorists and the Canadian trucking interests. The American motorists will use it in great volume and will contribute substantially to its financial success. The role of the American trucking companies in the project is at the moment very uncertain, and will

continue in the future to be uncertain so long as the present restrictions remain in force.

With kindest personal regards, I am

Very truly yours,

(signed) C. CLINTON CAMPBELL

President."

MR. MacDONALD: From whom does that letter come?

THE CHAIRMAN: Mr. C. Clinton Campbell, President of the Canadian Transit Company, which owns and operates the Ambassador Bridge.

MR. ROOT: In other words, that backs up what you said a moment ago that you could build the road, and some of the States would have the privilege of using it.

THE CHAIRMAN: It permits the car haulaways coming in at Sarnia and Windsor, and going on through to Fort Erie. They are permitted so many trips per day, and on certain days they cannot operate.

MR. MACNEE: In the two years during which we made our survey of Highway No. 3, we did not stop one American truck. Whether the restrictions were tighter at that time or not, I do not know.

THE CHAIRMAN: I know, because a group of them approached me a few weeks ago on another angle, and they

are quite opposed to it.

MR. MacDONALD: There is one thing. It states the bondholders take the risk. I have yet to see an instance where the bondholders took a risk. It is the jurisdiction where it is built, which is basically taking the risk.

MR. REAUME: With a higher rate of interest, the bondholders take the risk, if the traffic is not good enough.

MR. AULD: It seems to me that on the New Jersey Turnpike -- not the Garden State Parkway -- they have no state guarantee.

MR. MacDONALD: The state guarantees a part of it, so there is a certain amount of protection for the bondholders.

MR. AULD: But there is some sort of guarantee by the state, which the Garden State Parkway has, but the Turnpike has not.

MR. MACKENZIE: It seems to me that the potential traffic is more or less a connecting link between the United States' roads and other systems of thruways and turnpikes, and the thruway from Michigan and Illinois down through Pennsylvania and New York would provide great accommodation for those desiring to travel to those places.

I think perhaps those companies down there would include the bond financing charges on these toll roads.

I think there should be a certain amount of control, and it would be better to have it built under the direction of the Department of Highways.

MR. REAUME: I suppose if we are just filling in time now, that we have to decide whether we are in favour of toll roads or not.

THE CHAIRMAN: We have a few minutes, and perhaps I can give you some idea of the agenda for tomorrow.

The Good Roads Association was to appear at ten o'clock, but they called up today and for reasons best known to themselves, will not be here.

At eleven-thirty, the City of Hamilton and the County of Wentworth will appear separately.

I would suggest that we all be here at eleven-fifteen tomorrow morning, so we can wind that part of it up.

At two o'clock, the Ontario Motor League will be here. Mr. Warren Hastings is one of the firm opponents to toll roads, and he will be presenting a brief on behalf of the Ontario Motor League.

Then we have asked some of the people from our

Highways Department to come over and give us some information on the purchasing of rights-of-way, and maintenance. It will not take long, but I think it is information we should have, as the question has come up several times.

MR. ROOT: Is the Good Roads Association not making an appearance?

THE CHAIRMAN: Perhaps they will later, but I think we have reached the point -- and I hope the Committee will agree -- that we have a tremendous amount of information, and I think we might be able to come to some decision. Anybody who is really interested, and has anything to say, has been here, or will be here today and tomorrow, so I think on Wednesday we might make some arrangement for some private meetings, to arrive at some conclusions on the basis of the information we already have, because I think we should be able to produce at least an interim report for the Session which will start probably sometime in February. I see no reason why that cannot be done.

On Wednesday, the Shell Oil Company, and the British-American Oil Company will be here, and the Railway Association will be here in the afternoon. Also an individual from Hamilton, a Mr. McMillan, who has some ideas about which he wants to tell us.

MR. SANDERCOCK: Who is to appear for the railways?

THE CHAIRMAN: I cannot tell you.

MR. COLLINS (Secretary): I think his name is W. J. Scott, the General Secretary of the Association.

THE CHAIRMAN: That is, roughly, our programme. As far as I am concerned, unless we have specific individuals who wish to appear before us, I presume then we can find time to hear them, but otherwise, we will call our public meetings to a halt as of Wednesday, which will give us the balance of the month to prepare our report.

MR. YAREMKO, Q.C.: Which is not a very long balance.

THE CHAIRMAN: If it meets with your approval, we can have a lapse of a week, and I will work with the Secretary, and draw up a list of the points which will come before us, and then we can get together and hammer those points into shape amongst ourselves, and perhaps come to some conclusion on them.

We might be meeting, shall I say, the third week in January?

MR. ROOT: You are suggesting that after Wednesday, we will hammer out a report, and consolidate the things we have found out, and meet the week after to

agree upon those things upon which we can agree, and write the report?

THE CHAIRMAN: That is exactly it. We will draw up an outline, and if each one of you will list the points in which you may have a particular interest, we will get together and try to put them all together.

We wrote to California some time ago, asking for further information, and we have an answer.

I think perhaps the easiest way is to have it read, because we probably have forgotten what we asked for, and Mr. Collins could tell us the questions to which these are the answers.

MR. COLLINS (Secretary): California was quite prompt in sending back considerable information in response to our second enquiry, which arose out of the inadequacy of the information in their first submission. This is the letter:

"Your follow-up letter of November 30, 1955, contains several specific questions developed by the Ontario Legislature's Select Committee on Toll Roads from the material which we sent you on October 27.

The following additional material is now being sent to you under separate cover:

Eighth Annual Report of the State Division of Highways.

'California State Highways - 1956', Address by Mr. Frank B. Durkee, State Director of Public Works, before the Highway Section, California State Chamber of Commerce, December 1, 1955. Copies of California Highway and Public Works for July-August, 1954, September-October, 1954 and November-December, 1955. Your name is being added to the mailing list to receive future issues of this publication.

Following are the answers to your numbered questions:"

The first question was in regard to what their view was now in connection with the Freeway-development programme, in the light of their past experiences. And they say:

"Because the freeway picture in California changes so rapidly, it has not been found feasible to issue and maintain an up-to-date Statewide map showing the location of all controlled access highways. You will find in the pocket of the Annual Report, however, a copy of a State road map on which state highways four or more lanes in width are indicated by a special symbol. Most of these multilane highways, particularly in rural areas, have a dividing strip and involve access control.

"(2) Two of the issues of 'California Highways and Public Works' which are being sent to you contain articles on the development of U. S. 101 between San Diego and San Francisco and U. S. 99 between Los Angeles and San Francisco. Subsequent freeway and expressway progress on these two routes is indicated in Mr. Durkee's address before the California State Chamber of Commerce on December 1, 1955, on pages 10 and 11."

That was in answer as to what roads existed between the two major centers of population, that is, the San Francisco area, and the Los Angeles area.

They found it was not feasible to build a toll road between those centers, and apparently they have continued building their highways, linking those two areas.

It goes on:

" (3) There has been no further official action on the subject of a possible toll road between San Francisco and Los Angeles.

(4) Approximately 200 miles of multilane freeway and expressway are constructed each year by the State of California under its current program. As indicated on page 8 of Mr. Durkee's speech, much of this mileage involves six and eight-lane construction through major metropolitan areas.

(5) The schedule of registration and weight fees for motor vehicles will be found in the Vehicle Code, beginning with Section 370. The latest edition of the Vehicle Code is not yet off the press, but a copy will be sent to you in January.

The bonded indebtedness of \$18,575,000 for highways to which you refer in your concluding paragraph is the remaining obligation on the three bond issues dated 1909, 1915 and 1919 which financed the initial construction of the State Highway System. Since 1923, when a tax on gasoline was levied in California, state highway development has been on a 'pay-as-you-go' basis. Bonds have been issued only for certain major toll bridge projects in the San Francisco Bay area. A flow chart based on the 1955-56 fiscal year budget is enclosed for your further information concerning the sources and distribution of State highway revenues."

The most interesting information they sent us was in this sheet (indicating) which showed the revenue and expenditures, and how the expenditures are apportioned amongst the various highways.

I have made a number of copies which can be distributed.

One very interesting thing I noted in reading this

over -- which I just received last week -- was that this speech given by Mr. Durkee outlined the California State Highway development, and even considering the money they are spending on highways now, they are having difficulty in keeping pace with their growing vehicle registrations, in fact, in one area they had a request for an \$800,000 development, when they only intended to spend \$200,000.

He ends up his report with a plea for Federal aid, so they are spending about a quarter of a million dollar for State highway improvements, and their total is estimated well above \$4 billion, so they are not completely "out of the red" yet.

THE CHAIRMAN: In one place, he says they have 6 million vehicles in California. That must produce a "whopping" amount of gasoline tax.

MR. AULD: I think he says \$395 million.

MR. MacDONALD: I would judge they are spending more than half of our whole budget for highways.

THE CHAIRMAN: They collect \$395 million.

MR. MacDONALD: Although I suppose, percentage-wise, ours is even higher expenditure. We are spending \$175 million for one million vehicles, and they have six times as many vehicles, but are not spending twice as much as we are.

MR. AULD: I think something like one and one-half million to two million automobiles are in the Los

Angèle's area alone. That is why they have had to build these urban expressways.

MR. SANDERCOCK: They do not have the weather conditions we have here, either.

MR. AULD: No. In the Kingston division, about \$600,000 goes down the drain every winter for snowplowing and things like that. That would build a lot of road.

THE CHAIRMAN: We have a report of the 1956 California State Highways which contains about 17 pages, and has the answers to many of the questions we asked concerning their freeway system.

I think there would be some virtue in having that mimeographed and distributed, and we will all get copies of that in your hands by Wednesday.

MR. MacDONALD: If we have finished with California, I do not know what the opinion is as to what should be done in regard to the Oregon road situation. They do not have toll roads in the sense commonly understood, but they have a system of revenue producing which other states have copied. I have had the material, and glanced through it. I can give the essence of it, and give you a precis of the thing. Have you photostated the original article?

MR. COLLINS (Secretary): I did, from the magazine.

MR. MACDONALD: I became aware of this, because somebody gave me this article by Senator Newburger, who is now a Federal Senator, but who was then a State Senator. He gave the history of the thing in Oregon. The later material which our Secretary has received brings it up to date in regard to the problems which face them in this connection.

MR. AULD: By tomorrow afternoon, will we have the figures from the Treasury, that large book, showing the expenditures each year, and so on?

THE CHAIRMAN: We may not have them all, but perhaps we could have a copy sent over. I will ask our Secretary to ask Mr. Brown if he could let us have one copy of it at least, for reference purposes.

MR. ROOT: Going back to California; I noticed when "Don" (Mr. Collins) was reading, he referred to the fact that the roads are free, but the bridges are tolled. Is that something to which we should give consideration, as a Committee?

THE CHAIRMAN: I feel that perhaps it is. Once again, this is without our terms of reference, but we are dealing with the whole problem, and I think we could very well come to some conclusion on that.

I might say I have a fairly firm opinion of my own. If we have to "go" for a \$15 million or \$20 million

bridge, I do not see why reason why people should not pay 25 cents to ride across it.

MR. JOLLEY: Are you thinking of making the bridge a toll, but not a road, or making both a toll?

MR. ROOT: My thinking is rather that super roads, and super bridges should be tolled, or whether it should be just the super bridges. I do not know where you will draw the line.

THE CHAIRMAN: It does seem to me that if the province is going to go into construction generally, at our request, and build big and very expensive structures, we will have to expect they will liquidate themselves.

MR. SANDERCOCK: I wonder if all these super structures are necessary. It seems too bad to make people have to pay for using them.

MR. ROOT: If they do not, the people in the back concessions have to pay for them. They come down here to try to get more money for a municipality, and then they see somebody building a \$15 million bridge, with all these improvements --

MR. AULD: What are the special improvements which are only enjoyed by a few people?

MR. MacDONALD: I heard our departmental officials point out there is a bit of erroneous idea in the theory that there are enough people using the super highways

and paying the tolls, who are already paying for it, because there is such a traffic flow.

MR. AULD: They are paying for the highway, and are getting more than just an ordinary wide road.

A road to carry the traffic could have been built for less, if it was not built up to as high a standard as it was. It could have been built to a standard so that people could pay for it, and it would still have carried the traffic.

MR. MACKENZIE: Mr. Chairman, there are no "back concessions" any more. The people are getting around and using all these facilities. That "back concession" is gone. No matter where they are built, they will be used by everybody.

MR. SANDERCOCK: Our gas tax is paying for roads in the northern part of Ontario. You have been along the road from Hearst, for about 150 miles, and you only saw seven cars?

MR. AULD: The province pays 70 percent. of the gas tax in Kipling Township.

MR. YAREMKO, Q.C.: I think Mr. Macnee will agree there are certain secondary roads it is easier to travel on than on certain super highways we have at the present time. The Queen Elizabeth Way is considered, as Mr. Root mentioned, a super highway. , and yet there are

many occasions where it is more difficult to travel along the Queen Elizabeth than to travel on ordinary two-lane highways.

MR. ROOT: That is what I am coming to. When you can build ten miles of nice, two-lane highway instead of building one mile of super highway.

How much traffic was on Highway No. 400, before it was built? Nothing. It was just a vacant field. So we build a super highway, where there was no road. They can go up number 27 or number 11, and can travel the same, as they do in the back concessions. There is a little difference there, however; we get stuck in the mud, and they stuck in traffic jams.

It comes to a point where they say, "We have not enough money to raise the grant to the municipality by \$1,000 or \$10,000, because we have to build a \$1 million-per-mile road in southern Ontario" to cover up the mistakes made a few years ago.

Then we have to build a \$15 million bridge. People do not like to be held up, and I have seen some of the King's Highways bogged down for two weeks at a time.

But the expressways which are heavier, and safer, and faster highways, are tolled, but they must be built and let the rest of the country wait. Then

a super bridge is tolled, just to save some people from the irritation of waiting while the bridge is up.

MR. AULD: It would be desirable to have them all freeways, but if we want to have them in our lifetime, is it possible to do it?

MR. ROOT: I can think of a road in northwestern Ontario where there is a causeway to get across a lake; should part of that be paid by tolls, so that a lot of ^{can} Americans / go up there and shoot moose and deer?

THE CHAIRMAN: We have almost reached the point where we will require roads which are, to some extent at least, self-supporting. If it is not, you will not get it. I think the answer is pretty obvious.

MR. MACKENZIE: These roads are built for the colonization of our country. Look at what these roads are doing for mining, lumbering and the pulp-wood industries in the north.

MR. ROOT: I am sympathetic to that. I have been stuck in the mud more than once, and I have driven over half a million miles in my lifetime.

What did Toronto used to be? Muddy York. The reason it is a city today is because of its harbour facilities and the railways, and then you put the super highways down here.

I am proud of my province, and I would like to

see northwestern Ontario improved. I hate to be held up by a bridge as well as anybody else, but I do not think that is any excuse for a super highway.

THE CHAIRMAN: I want to see Highway No. 401 finished right past London.

MR. MACKENZIE: Yes, finish that first.

THE CHAIRMAN: Well, we will adjourn until tomorrow morning at 11:15.

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---Whereupon the further proceedings of this Committee adjourned at 4:07 o'clock p.m., until Tuesday, January 10th, 1956, at 11:15 o'clock a.m.

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P R O C E E D I N G S

OF THE

SELECT COMMITTEE APPOINTED BY THE
LEGISLATURE OF THE PROVINCE OF ONTARIO,
TO ENQUIRE INTO AND REPORT UPON MATTER
IN CONNECTION WITH TOLL ROADS IN THE
PROVINCE.

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

Mr. D. J. Collins, Secretary.

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VOLUME XII

Tuesday, January 10th, 1956.

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T W E L F T H D A Y

Toronto, Ontario,
Tuesday, January 10th, 1956,
10:15 o'clock, a.m.

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The further proceedings of this Committee
reconvened pursuant to adjournment.

PRESENT:

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

Messrs. Auld,

Sandercock,

Yaremko, Q.C.,

MacKenzie,

Child,

Manley,

MacDonald,

Jolley,

Reaume,

Root,

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. John MacDonald, Controller,
City of Hamilton.

Mr. Paul Hickey, City Treasurer,
Hamilton.

Mr. Thomas Waram,	Planning Commissioner, Hamilton.
Mr. Arthur Lomax,	Traffic Co-ordinator, Hamilton.
Mr. T. J. Mahoney,	Manager, Ontario Good Roads Association.
Mr. N. A. Fletcher,	Hamilton Suburban Commission and Wentworth County.
Mr. B. E. Corman,	Wentworth County.
Mr. Irwin Felker,	Warden of Wentworth County
Mr. R. Eddy,	Wentworth County.

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THE CHAIRMAN: The first delegation we have here this morning is from the Corporation of the City of Hamilton. Mr. John MacDonald, Hamilton City Controller is the spokesman. Mr. MacDonald, would you care to sit up here, if you please.

J O H N M A C D O N A L D,

Controller for the City of Hamilton, appearing before the Committee but not being sworn, deposes and says:

BY THE CHAIRMAN:

Q. Are there copies of the brief available?

A. I have some twenty copies of the brief here, Mr. Chairman.

THE CHAIRMAN: Perhaps we would read it through.

Our procedure is very informal and there may be some questions as you read it. It may be that there will be further questions at the end.

A. Fine.

Q. After you have read it through, we will have a discussion on it and if there is anything else you wish to add to what is contained in this brief, we would be very happy to hear it.

THE WITNESS: We are very happy to have this opportunity to come here.

The Council of the Corporation of the City of Hamilton is pleased to learn that the Provincial Legislature has appointed a Select Committee to study all matters relating to toll roads.

We in Hamilton are of the opinion that the large urban municipalities urgently require more Provincial assistance for construction of roads and that the financing of major interconnecting highways by the toll road principle will permit the Province to make additional funds available for this purpose. In the past, revenues derived from the gasoline tax and motor vehicle license fees were sufficient to meet the cost of highway construction and maintenance, as well as the cost to the Province of municipal roadway subsidies. This is no longer the case, however, because the rapid increase in traffic within and between municipalities

has created the need for not only improving the municipal road systems, but for also improving the system of highways connecting the large urban municipalities - thus requiring much heavier expenditures for highway programs. The cost of building and maintaining these inter-regional highways could be financed by substantially increasing the present gasoline tax and motor vehicle license fees, but, in our opinion, such a method is not equitable and a much fairer method is that they be financed on a pay-as-you-drive principle. We urgently recommend, therefore, that these highways be built as toll roads so that their cost will be paid for by the user.

The citizens of Hamilton, in common with the other citizens of Ontario, are not only concerned with the financial cost but also with the high human cost which our present highway system is exacting. In our opinion, safer highways can only be provided in the densely travelled areas of the Province by the construction of highways with the limited access features which are inherent in toll road construction.

We are further of the opinion that the highway users of the Province, both private and commercial, require the highest type of highway facility in order to relieve present congested areas and are prepared to pay

on a direct basis for such facilities.

The Corporation of the City of Hamilton is very concerned with this matter because, like all large urban areas, it is faced with an alarming increase in automobile registrations. For instance, here in the City of Hamilton our automobile registrations have risen from 30,500 in 1946 to 61,000 in 1955, an increase of 100%.

At a public meeting held in the City Hall a few days ago, Mr. D. C. Gaskin, President of Studebaker Corporation of Canada Limited, made the prediction that in ten years' time the automobile registration in Canada would show a two-thirds increase from present day figures. On this basis, Hamilton would have an automobile registration in excess of 100,000 by 1965. This, indeed, points up the fact that automobile density in the City of Hamilton ranks among the foremost in the Province of Ontario.

We would like to draw the Committee's attention to a few of the major projects facing this community, the majority of which are attributable to the increased motor vehicle registration.

(a) A controlled access expressway has been studied and recommended in order to carry traffic from the Queen Elizabeth Way and Highway No. 6 through the

western extremity of the City of Hamilton, up the side of the escarpment, to connect with Highway No. 2 to Brantford. The construction of this highway is a major multi-million dollar project. There is no doubt that a substantial portion of the traffic using this highway will be generated exclusively from outside the limits of the City of Hamilton. A recent origin and destination survey of the truck traffic -- I should point out, this was truck traffic exclusively -- which uses a corresponding route through West Hamilton indicated that 74% of the traffic using this route had its origin or destination outside the City of Hamilton. It is the Council's opinion that, on the basis of the present level of subsidies under the Highway Improvement Act, this municipal Corporation cannot ask its taxpayers to carry the present level of cost for such a major construction project.

(b) As the Committee knows, the Department of Highways at the present time is constructing the Skyway Bridge along the Burlington Beach strip at an estimated cost of \$17,000,000.00, and east of this will provide new interchanges between the Queen Elizabeth Way and the City's street system. We

need hardly point out to your Committee that the City of Hamilton will be required to build adequate approaches in this area at substantial cost.

(c) As the Committee is aware, active construction is proceeding ahead of schedule on the St. Lawrence Seaway Project. We in Hamilton are of the opinion that the completion of this project will have a drastic effect on the City of Hamilton. Substantial capital sums have been expended during the past few years to extend harbour facilities and quite recently an amount of \$4,000,000.00 was authorized for further expansion of port facilities. The Committee might not be aware of the fact that, from a tonnage point of view, the Hamilton Harbour is the third largest harbour in Canada, being exceeded only by the Cities of Montreal and Vancouver. There has been a continual increase in the tonnage handled, from 1,000,000 tons in 1929, 2,000,000 tons in 1935, 3,000,000 tons in 1940, 5,266,000 tons in 1951, to an estimated all-time high of 7,300,000 tons in 1955. This represents a 39% increase since 1951. One of the results of the construction of the St. Lawrence Seaway undoubtedly will be that the City of Hamilton shall become a much larger distributing center into

Western Ontario and the Niagara Peninsula, and will, therefore, require an extensive expansion of the roadway system in the Harbour area.

(d) One of the characteristics of this urban community is the existence of a 200 foot escarpment traversing the length of the City. The actual development of the City south of the escarpment brings a need for more and better mountain-access roads to serve that area. Recently the Corporation spent approximately \$750,000.00 to build a major access road to the mountain area. It has presently under way a mountain-access project costing approximately \$2,700,000.00 and our engineers advise us that we cannot long delay still another major mountain-access project which is estimated to cost upwards of \$3,000,000.00.

(e) There is also a need for a limited access east-west highway at the lower level of the City to provide ready access to all major north-south streets feeding into the center of the City and distributing northward to the industrial area.

We would like to point out to the Committee that our current and capital fund obligations in connection with road maintenance and construction have been rising sharply. For instance, in 1945 we spent

approximately \$146,000.00 for maintenance and construction of roadways, whereas in 1954 we expended approximately \$1,177,000.00 for these purposes. The capital budget of the Corporation, which was recently approved by Council, contains a five-year program of capital works and included in this program is a provision to spend in excess of \$10,000,000.00 on major roadway projects.

The concern of the City of Hamilton in this matter is that we feel that, if the Province could finance certain major arteries on the toll road principle rather than out of the Consolidated Revenue Fund of the Province, perhaps it would be in a position to increase provincial assistance to the large urban municipalities, which are facing the heavy costs because of the sharply increased motor vehicle registrations, and the resultant roadway requirements.

In view of the above-mentioned major projects, the alarmingly increased motor vehicle registrations, the increasing congestion of our streets and the apparent inadequacy of many of our old streets to carry the traffic on them, it is axiomatic that this urban Corporation will be required to spend many millions of dollars if we are to prevent our streets from becoming saturated. To accomplish this task we shall require

assistant from the Province at a higher rate than we are receiving today.

THE CHAIRMAN: Are there any questions that anyone wishes to ask Mr. MacDonald (Controller)?

MR. JOLLEY: It is a very good brief.

BY MR. CHILD:

Q. On page 2, you use a figure of "74 percent."

A. I indicated that was for trucks only.

Q. Would you call Hamilton a Metropolitan area?

A. I think I know what you are speaking of. If I might explain, Mr. Chairman, there is an area bounding the city where there is industrial and some commercial activity, not including those trucks coming from the immediate area of the city and passing through the city, but only those passing through. For example, those which would be going to Windsor or London or other points in Western Ontario, actually those going right through.

MR. CHILD: The Aldershot area was not included?

THE WITNESS: No. It was considered to be a part of the City of Hamilton because they are industrial and commercial activities which we considered to be an essential part of the Metropolitan operation of the City of Hamilton. There is a cement plant which

makes ready-mix cement which comes into Hamilton but some pass through, and we did not count them.

BY MR. AULD:

Q. The figures quoted on page 2, paragraph "c" and "d"; those are expenditures for roads in Hamilton. Are those gross figures?

A. Yes, those are gross figures.

BY MR. MacDONALD (YORK SOUTH):

Q. The brief sets out a good picture of the major projects. Has the delegation any conclusions as to what toll roads they feel in the Hamilton area would sort of relieve this problem?

A. The committee in discussing this matter, felt that it could only present to you the picture as it affects the city itself. We felt that we should not project ourselves into the full study of toll roads as there are many facets to the study of toll roads which would not apply in the City of Hamilton itself.

Howver, we would be delighted if you would build a toll road across our city from east to west on a completely-financed basis, but we did not feel that we were able to obtain the necessary information so we could present some idea of where these roads would be built.

BY MR. CHILD:

Q. You would be in favour of having a toll road within the boundaries of the City of Hamilton?

A. Certainly, yes.

BY MR. AULD:

Q. In paragraph (e), -- further to that same subject, -- you say "there is also a need" for a limited access east-west highway." Have your engineers made any estimate of the cost of that?

A. Perhaps I might be allowed to spread out this map. It might be of some assistance. I cannot speak very well here without using my hands or the map. As you can see from the map, Hamilton is very long and relatively narrow -- speaking now of our physical condition of course -- approximately ten miles from the far eastern limit of the city to the far western limit of the city.

There is relatively a short distance the other way as indicated on the map.

We have then, as indicated by this line, the escarpment which provides a severe natural boundary between the old city and the industrial center, most of which is down on the Bay shore.

This area (indicating) on top of the Mountain is basically a residential area and most of the people

up here (indicating) come to work down below, so we have the problem of getting them up and down the Mountain.

The other problem arises because of the length of the city and human characteristics of people living out here (indicating) who for some unknown reason, choose to work down here (indicating) and you have people who are living down here (indicating) and choose to work up here (indicating). We have, therefore, considerable congestion on all of our east-west streets.

In 1953, we had a study made by Messrs. Wilson and Bonnell. The major street proposals are indicated, roughly, that we would take a wide swath right through the city, across here (indicating), which sounded and looked good but it meant we would have to buy out most of the city, and tear it down. I do not know that that would have served much purpose.

We are now in the process of re-studying that cross-town business with some view of cutting it back against the side of the Mountain in some way.

We have no figures except the approximate figures which are sometimes given of the cost per mile of such construction through urban centers and they frighten me too much even to try to remember them.

BY MR. CHILD:

Q. This part in here (indicating) is reasonably expensive property?

A. Yes.

Q. In the old residential area of Hamilton property runs extremely high, if you had to expropriate?

A. Yes.

BY MR. JOLLEY:

Q. That is just below the Mountain?

A. Over here (indicating) there is not too much of a problem, but here (indicating), we run into a very serious problem, and /would require considerable study to determine exactly what is involved, and there is no point in our spending several thousand dollars in getting a study of something we just cannot possibly finance, in any event.

BY MR. MacDONALD (York South):

Q. You conceive an east-west highway in the same fashion as highway number 400 to Oshawa?

A. To some extent it would do what you are speaking of, but the most important thing which is bothering us now, is to get this traffic coming from the direction of Toronto, through the city and on out, and to make some connection down here (indicating). This (indicating) is the end of the Beach strip, the Skyway Bridge, and we will have to make some new connections to get them in and out of the east end of the city.

MR. AULD: You require primarily an urban expressway north and south?

CONTROLLER MacDONALD: That is correct.

BY MR. CHILD:

Q. A north-south connection for through traffic?

A. That is correct.

Q. Or join up with No. 53 Highway, which we call the "American highway" because there is so much American traffic going through down to Brantford and on to London.

A. If we were to accomplish what we call the "Chedoke expressway" we would have to dig through a ravine and a golf course -- I hope no one will tell the Parks Board what we intend to do -- and on out towards Ancaster. If that were accomplished by a limited type of access road, it would undoubtedly attract traffic to get to this point here (indicating).

It would be much more convenient to travel on that route than to go through the congested parts of the city.

I might point out to the Committee that we are restricting ourselves to those things we considered to be arterial or semi-arterial and we did not include the costs which we consider to be the normal costs of paving through streets that are already existing in the city. We have spent a couple of million dollars in the last year or so. We spent one million dollars in the Mountain area alone, either in fact or committed, and we have put the roads in good shape, in spite of what Mr. Child may tell you.

Q. Part of the reason for that sum for maintenance,

was that they annexed too soon; they should have let the province build the road and then annexed.

A. I did not come here to discuss annexation.

BY THE CHAIRMAN:

Q. I am pleased you did not, because that is also a problem in my bailiwick.

What I wonder is whether you have given any consideration to a self-liquidating expressway for your through traffic. The road you have sketched would carry through traffic, and probably would be considered no problem in Hamilton, inasmuch as the traffic will originate outside of Hamilton.

A. Not entirely, but to a substantial extent, Mr. Chairman.

Q. To a great extent, and your east-west road might be termed more or less a "local project."

You are talking about feeding the residential areas into the industrial areas with workers and so on?

A. That is quite correct, but not in its entirety. Unfortunately, we are not in a position to have origin and destination -- that is, external O. and D. -- information in our city, so that we do not know all of the factors.

We would be very happy to have that information and I hope we will be able to get it from one of the departments. We know that there are a number of people

who come from beyond our limits and on out through the peninsula; but, coming to the city, we do not know how many of those are coming right through and how many are coming into the city market or to business in the corporation and going right out again. Therefore, this would also serve the needs of the outer area, as well as the needs of the community, but I do not know the percentages.

BY THE CHAIRMAN:

Q. I wonder if we are going to reach the position of building what we might term "internatl speedways" which might be financed on a toll basis by the municipalities concerned?

A. If you ask my personal opinion, I would say "yes", it will come to that, but I think we are a little ways from it at the moment.

BY MR. CHILD:

Q. It is a serious problem for Hamilton as far as the east-west traffic is concerned. Where the Province eventually will have to come in is on an expenditure basis because there is a vast area which will be taken up with harbour facilities.

A. One of the points we perhaps did not express too thoroughly here is--this is a personal observation--that governments are spending, -- and I think quite properly so, -- vast sums of money for the St.Lawrence Seaway

Project, which will mean that large quantities of goods will be dumped into the area at the foot of James Street in Hamilton, and then we shall be faced with the necessity of building the necessary roads to take those shipments out, and distribute them in the area surrounding Hamilton. We are not in a position to do that with our present rate of financing.

BY MR. AULD:

Q. Even in the event of Hamilton deciding to go ahead with the urban express highway; let us say it is ten miles, and would conservatively, cost \$10 million.

A. That is very conservative.

. That is a conservative figure and the province on the present basis will be expected to contribute either one-third or half.

MR. CHILD: Fifty percent.

MR. AULD: The same situation holds true in a number of other municipalities, and it is an interesting point. Let us say you take $\frac{1}{2}$ million out of the provincial highway budget, -- that is approximately $2\frac{1}{2}$ per cent -- and that in two or three places and it is not going to leave a great deal of money for other roads.

MR. CHILD: This would be in a toll-road system, which would carry itself.

BY MR. AULD:

Q. I think this brief points up the fact that the

province will have to subsidize it and if a lot of these projects are undertaken in various places, it is going to take a large sum of money from the budget, even on the present basis.

A. One of the things we are all inclined to overlook is that it is not purely a question of spending, five, ten or fifteen million dollars to construct the highway, but it must be maintained after it is constructed. It must be sanded, snowplows must be used and so on. That is all very costly.

BY MR. CHILD:

Q. Do you think the people in the Hamilton area should pay for the use of toll roads?

A. I think the people in Hamilton should, most definitely, provided these toll facilities provide them with a certain amount of convenience.

As Mr. Child knows, there are many places within the city where one could take three quarters of an hour to get to any prescribed place, and I am sure, if that time could be cut to one-third, the time alone would be worth it, not only from the individual point of view of the average citizen, but from the point of view of the commercial operators, because time is a more important commodity to them perhaps, than to an individual.

BY MR. MacDONALD (York South):

Q. I take it the answer would be the same if the

toll road was limited to an intra-urban expressway, just to meet the needs of the people living in one end of the city and working in the other. You think they would pay a toll to get more quickly to work?

A. Yes, I think so, Mr. Chairman, but I would not go so far as to say that a route could properly be built from one end of the city to the other with only an entrance at each end. I do not think that would be wise. There would have to be some reasonable facilities for connection.

BY MR. CHILD:

Q. Do you think that the Chedoke coming off Wolfe Island, which is probably where it would have to come, and connect up with the Guelph line, and up to No. 53 at Doak's Corner, would be feasible for a toll road?

A. I would think it might be feasible for a part of a toll road, but again I would say I am not in possession of any of the information which would be necessary to determine that, nor am I qualified to determine it by the standards which would be required in order to say "yes" or "no". My casual observation would be that as a part of a toll road it might be very acceptable.

BY MR. ROOT:

Q. If I remember aright, in the States they told us that the toll road had a tendency to decentralize industry, to take industry out of some of the large

centers and relieve some of the congestion. Would that be true in Hamilton, and if so, would you still support the principle of toll roads?

A. Mr. Chairman, first of all, I do not know whether that is true. I wonder if it is not true to some extent, even without the toll roads, as witness the very large Ford plant at Oakville.

I do not know the answer to that question.

BY MR. CHILD:

Q. In the United States it is very noticeable. I think along the New York Thruway they put in \$150 million of new industry which was attracted from large municipalities in areas adjacent to the toll roads.

A. Industry has to some extent moved some of its branches from Hamilton and -- again I do not want to trespass into the area of annexation -- because we are unable to provide them with any land on which they can build their industries. This is not because they want to move from Hamilton, but because there is no land upon which they can build their industries.

MR. MacDONALD (York South): The experience in the United States, if I recall it correctly, is that with a toll road you have access and transportation and so provide for your workers who are willing to live 30 or 40 miles away, and you accentuate the trend such as is found

in Toronto of workers living 25 or 30 miles out of the city.

The workers become more mobile.

BY MR. CHILD:

Q. They prefer to live outside the cities, rather than in the cities themselves.

A. They are more mobile.

MR. CHILD: They are living outside the city and working in the city.

MR. MacDONALD (York South): They do not die of smog?

MR. CHILD: We do not have that condition.

BY THE CHAIRMAN:

Q. What is your opinion, Mr. MacDonald, on the question of similar types of road in various parts of the province with a toll charged in one area and no toll charged in another? That is more of a political problem. It is a problem about which our people are thinking, and would have to do something in which we are quite interested.

A. You are thinking of a road that might be 100 miles in length and 10 miles of it might be free of the toll?

Q. Yes.

A. I would suggest respectfully that that would depend on the circumstances. It would seem to me, off-hand, that there might be circumstances which would warrant

such a consideration.

Q. There are numerous economic circumstances that would warrant such construction. In other words, we have certain areas where there is a density of traffic to support a toll road on the traditional basis. We have other areas which, perhaps, would not. You have a continuous road going through both these areas?

A. That is one of the things one has to deal with.

Q. You have densely populated areas where traffic counts would be sufficient to support the toll principle of financing?

A. Offhand, I would say that if you try a toll road for which the Hamilton citizens pay and for which some others in the area do not pay, I think Arthur Child and I would probably both raise hell.

MR. CHILD: I am always "raising hell" anyway.

THE WITNESS: I think I would join you in this particular case.

BY THE CHAIRMAN:

Q. That is certainly a very exact answer to my question, anyway.

A. There is another thing we did talk about in our committee but we felt it might not be proper for us to include it in our brief, and that is we felt that you people were better qualified to consider this aspect perhaps than we, and had the expert staff to do so.

We felt it would be a very sad day indeed if we were to build toll roads without the prospect of their being toll roads in the sense that they would pay for themselves, because not only would we not be relieving any money for municipal improvements but instead you would be taking more money from the present revenues of the Province to pay for what you lost on the toll roads.

THE CHAIRMAN: We are getting away from the broader questions. Are there any other members of the delegation who would wish to express themselves on this? If so, they should not hesitate to do so.

MR. CHILD: I would like to hear from Mr. Waram, as to his thinking on the planning of toll roads in the Hamilton area.

MR. WARAH: As Controller MacDonald told you, we have not actually gone into the question of the highways in the Hamilton urban area which might be suitable for toll road purposes.

I have been following the matter in the newspapers. I know that a toll road was being considered between Windsor and the Buffalo area, that there was talk of a possible route that would skirt the metropolitan areas of Windsor, London and Hamilton.

I can see how such a highway would fit very neatly into our major arterial road needs in the city, in the sense of a circumferential route serving the southern part

of the city to the Mountain, and perhaps extending down to the area below the escarpment, and, also serving such part of the circumferential route system in connecting with some sort of toll road feeding from the south and in the same way connecting with this central city urban expressway which Controller MacDonald was discussing.

We actually had considered the possibility of the question of a toll road passing right through the center of the city. I know in other cities where, in some cases, they have a toll road which comes in and they have specifically exempted the area where it is densely built up from the toll road principle, because they felt that people living in the city needed to use that toll road daily for access to work, going back and forth from their residences to work, and that it would be an imposition to make the people pay the toll daily for that purpose.

As far as the over-all highway needs are concerned, the setting forth of the plans of the Chedoke expressway and the possibility of this circumferential route on the Mountain coming down to join with another toll road or the Queen Elizabeth, plus the one through the lower part of the city, I think that gives a pretty clear picture of what our arterial-route needs are.

As Mr. MacDonald said earlier, we do not have all this factual information we need right now to determine

where these roads should be, and where the connections should be, but with the studies we are starting now on the north-east and north-west entrances and other information on the external O. and D., by later on this year, we should have a pretty clear picture of what is needed for the entire Hamilton street system.

THE CHAIRMAN: I gather that the basis of your submission is that you are in favour of the toll road system to relieve provincial revenues for other urban subsidies. That is the fundamental idea you are presenting to us today?

MR. WARAH: Yes.

MR. ROOT: May I ask a question, Mr. Chairman?

THE CHAIRMAN: Yes, Mr. Root.

BY MR. ROOT:

Q. What is your thinking in regard to toll roads in principle? Do you think that just new construction should be tolled or that existing super highways should be tolled?

CONTROLLER MacDONALD: I suggest if the principle is sound, it could be applied to any situation where it has been shown by any studies we have made to be reasonable and proper.

BY MR. ROOT:

Q. Do you mean existing roads as well as new roads?

A. Yes.

BY MR. CHILD:

Q. Have you been thinking of a toll for the bridge -- for the Burling skyway?

A. The bridge that is presently under construction?

Q. Yes.

A. I see no reason why it should not be a toll.

Q. I am thinking that there are very many Hamiltonians using that -- more, possibly, than anyone else?

A. I might point out to the members of the Committee that during the summer months, particularly, I would think the proportion of Hamiltonians to other than Hamiltonians would be something in the neighborhood of 500 to 1.

BY THE CHAIRMAN:

Q. In addition, there is an alternative bridge that will be there and it might be possible to grant a local resident, who uses it for commuting purposes, an annual pass for a nominal amount.

A. I am presuming that that would be so. I am thinking of two things; one, that a toll-road arrangement, such as you have spoken of, would be available for those who choose to use the toll-road facility; and, secondly, an alternative free road would be available and would continue to be available.

MR. CHILD: That is quite true. Tolls are

never constructed unless there is an alternative.

THE CHAIRMAN: That is one of the fundamental principles which has been followed in the construction of toll roads, that you must have an alternative route available and, also, that it must be maintained as it would be were there no toll road there.

MR. YAREMKO, Q.C.: That does not always seem to apply where bridges are involved.

THE CHAIRMAN: Bridges have been dealt with on a different principle. There are toll bridges everywhere.

MR. YAREMKO, Q.C.: A toll bridge may take you across a river, and there may be an alternative road, but it might mean going 20 miles to the next bridge.

THE WITNESS: I take it that the two bridges would be absolutely parallel, and there would be no problem.

MR. CHILD: One may take you 5 minutes and the other may take you 2 hours in the summer time, so you are paying for the convenience.

THE CHAIRMAN: Even in the state of California which is the leading proponent of toll roads, they are opposed to toll roads, but the majority of their bridges are toll bridges.

BY MR. SANDERCOCK:

Q. At the present time we are having a by-pass

built from Belleville to Trenton, which will cost several million dollars. Do you suggest it should be tolled? It will cost from \$5 million to \$7 million.

A. I am not familiar with Belleville. I am much more familiar with the circumstances in our community.

BY MR. CHILD:

Q. The Corporation brief, I suppose, is based on the principle of toll roads, on the basis that the possible sum of money obtained from tolls would revert back to the municipalities?

A. No, Mr. Chairman, that is not quite correct. The basis is that we feel from our observations that if toll roads are not built as such, freeways of a similar character will have to be built in order to meet the needs of the Province and, particularly, of our area.

If those roads are not built on a toll basis, some other means of financing them will have to be obtained.

We are not suggesting that you build a toll road and give us a share of the revenues. We are suggesting that your provincial budget is already overstrained for the roads' program and it will be even more so in the not too distant future because of the requirements for more and more roads.

Q. You mean that if major arterial roads have to

be built, they might as well be built on the toll system?

A. I think they must be.

THE CHAIRMAN: Are there any further questions any member of the Committee would like to ask the representative of the City of Hamilton?

We will have the representations, immediately following, from the Hamilton Roads' Commission. Perhaps these gentlemen would like to remain for our discussion on that.

THE WITNESS: We would be delighted to do so. May I say that I very much appreciate this opportunity and that we have enjoyed very much the privilege of coming here.

THE CHAIRMAN: Thank you, Mr. MacDonald. I would like to express to you and to the Corporation of the City of Hamilton our thanks and appreciation for the information with which you have provided us.

MR. MACDONALD (York South): I would like to say that the man who presented the brief has a good name and that he has lived up to it. It is a pleasure to listen to a man who knows what he is talking about. We do not have that experience at all times.

THE CHAIRMAN: Is that true of all MacDonalds?

MR. MACDONALD (York South); I am referring to those who have presented briefs.

---The delegation retired.

THE CHAIRMAN: We have here now representatives of the County of Wentworth, and the Hamilton Suburban Roads Commission.

We have copies of the brief, which will be presented by Mr. Felker, the Warden of the County of Wentworth.

I R W I N F E L K E R,

Warden of Wentworth County, appearing before the Committee but not being sworn, deposes and says:

THE WITNESS: It is a pleasure for me to appear before you this morning and present our brief from the Wentworth County and the Hamilton Suburban Roads Commission.

(Page 951 follows)

The County Council of the County of Wentworth and the Hamilton Suburban Roads Commission welcome this opportunity of presenting their views on the very important matter of toll roads and wish to go on record as expressing approval of the establishment of toll roads in Ontario.

All Municipalities, particularly in the Hamilton area, urgently require more Provincial assistance for the construction and maintenance of their roads and streets in order to cope with the tremendous increase in traffic on all our highways and deliver this traffic safely at its destination. A census of traffic on three of our suburban roads in Wentworth County, namely King St., North Shore Boulevard and the Aldershot Road, shows that the number of vehicles using these three roads for a 24 hour period is 6900, 2875 and 2530 respectively. This is considerably higher than the traffic on many of our Provincial highways. We also need hardly state that the Province of Ontario requires large amounts of money immediately for constructing and maintaining highways to connect large urban centres throughout our Province and also to carry heavy traffic both private and commercial from our neighbouring States within and across our Province.

In the case of Municipal roads and streets, these funds have been provided up to the present by taxation on real estate and subsidies received from the province. These provincial funds are derived from gas tax and motor vehicle license fees.

The province has been obtaining necessary funds for the construction and maintenance of their highways, in the main, from the same source. In our opinion, these sources are no longer adequate and as well it is no longer equitable that they should be further burdened with increased rates.

On the contrary, it is our humble opinion that our Thru Highways should be financed on a "pay-as-you-drive" principle, and we are further of the opinion that the users of these highways -- both private and commercial -- which require the highest type of highway facilities, are prepared and willing to pay on a direct-basis for such facilities.

This can best be accomplished by the establishment of toll roads under thorough and rigid provincial supervision.

Some of the advantages of the establishment of toll roads would be briefly as follows:

"FINANCIAL

1. Toll roads constructed and maintained by

private capital would relieve the province of many millions of dollars expenditure which would in turn be used to improve urban and suburban roads and also secondary provincial highways. In this way, private funds are turned loose in a field too long considered exclusively governmental.

2. Toll roads would speed up traffic and relieve congestion, particularly in urban and suburban areas. This in turn would relieve secondary provincial highways and urban and suburban streets and roads of a great deal of automobile traffic, and, particularly, transport traffic, which is doing inestimable damage to our roads and streets and as well is causing a great deal of the congestion which now exists in built-up areas.
3. For the motorist and transport companies, toll roads spell lower operating costs, a saving in time and fewer accidents.

SAFETY

Toll roads eliminate all level crossings, stop lights, steep grades and sharp curves. They have gradual curves every two miles to relieve the monotony. Advertising on billboards is

"eliminated to avoid distracting drivers.

Statistics show that the death rate on American turnpikes is much lower than the national rate. For the motorist this means safer travel."

Finally, on behalf of the Wentworth County Council and the Hamilton Suburban Roads Commission, we urge the Select Committee on Toll Roads to recommend to the Provincial Legislature that the necessary Toll Roads Authority be set up as expeditiously as possible. We are already several years too late in honestly facing up to this problem.

All of which is respectfully submitted.

That is signed by the Clerk and Chairman of the Suburban Roads' Commission.

MR. SANDERCOCK: Very well done.

BY THE CHAIRMAN:

Q. Mr. Felker, the basis of your submission is in essence the same as that of the City of Hamilton?

A. Yes. We actually approve of toll roads in principle, thus leaving more funds at the governmental source to apply to municipal roads.

BY MR. AULD:

Q. I wonder if his Worship would tell us this:

"This can best be accomplished by the establishment of toll roads under thorough and

"rigid provincial supervision."

Then it goes on to say:

"Toll roads constructed and maintained by private capital...."

We had a submission yesterday by a private corporation along the same lines. Is that what was in the minds of the Committee when it brought this up, or was it the fact that while it is, in effect, it is divorced from highway revenues?

Did you expect it would be either set up to operate a toll road, or a Toll Road Authority under the supervision of the government, similar to Hydro?

A. A Toll Road Authority set up under the supervision of the government.

MR. AULD: One other thing, Mr. Chairman.

BY MR. AULD:

Q. You say in your memorandum: "Toll roads constructed and maintained..." Did you envisage a road built as a toll road would be a toll road forever?

The reason I ask that is that in the United States they told us many of their roads were originally constructed as toll roads, with the idea that when the construction cost was liquidated, the road would then become a free road -- although, of course, none of them have been so far.

A. That was discussed in the Committee and I think

some of the Committee -- members of the Committee here now may correct me if I am wrong -- assumed that the roads would be paid for, but that the profits later on would be plowed back into highway construction.

MR. AULD: Perhaps a toll would then be charged, just enough to cover maintenance.

BY MR. ROOT:

Q. May I ask Wentworth the same question I asked Hamilton? Are you in favour of tolling all existing super highways as well as those which may be constructed?

A. This is just my personal opinion. I would not say "Yes".

Q. It maybe a double question. Do you think that all roads----

A. There might be some roads at the present time which could be taken over as toll roads but I would not say that all of them should be.

BY MR. MacDONALD (York South):

Q. What would be your criterion for drawing a distinction in regard to existing roads? On what basis or principle would you say one should be tolled and another should not be?

A. We discussed it in the committee, and according to the traffic census, there were only about three or four highways which would measure up to the required amount of traffic. I think they are the Queen Elizabeth,

and Highway No. 400. I just do not recall the others.

BY MR. ROOT:

Q. In other words, you favour the classification of roads of certain types from a volume-of-traffic point of view?

A. Yes.

BY THE CHAIRMAN:

Q. That would get us back to the question I asked Mr. MacDonald. What is your opinion of the situation where you have, for instance, Highway No. 400, from Toronto to Barrie, turned into a toll road, and No. 401 which is of similar construction, of similar engineering, and of similar cost, and a road, say, between Chatham and London, left as a freeway, because of the different in the volume of traffic over these roads? Do you think that is a feasible situation?

A. Well, certainly the volume of traffic increases the maintenance.

BY MR. AULD:

Q. Mr. Chairman, I wonder if I might put it this way?

Supposing that a section of a controlled-access four-lane highway, was built where the prospective tolls would not completely pay for it in, say, the next 10 or 20 years whatever the levy on the road is expected to be; on the other hand, the increase in the cost of construction

to make it a toll road, and the maintenance costs, including keeping people there to collect the tolls, would be more than exceeded by the tolls. You would have a situation then where the road, while it was not paying for itself completely, would still be reducing its cost to the Consolidated Revenue Fund?

Would you then be in favour of having that a toll road to help to reduce the cost of construction and maintenance and, also, to have the same situation applied throughout the Province?

There could well be a legitimate complaint if the people in one area were required to pay for a road of a certain standard simply because there was enough traffic to warrant it, while in another section of the road because there was not enough traffic to warrant a toll road, of although/the same characteristics, the road would be a freeway?

A. I think, from the information that is immediately available, these roads have been able to pay off ahead of time.

It is a possibility, but any information we received was that the roads have been paid for ahead of schedule in every case.

MR. REAUME: I suppose the answer to all of this will eventually be found when and if we employ a man

as an expert, who will go into these things for the purpose of finding out the answers.

It is very hard for any of us, not being experts on this kind of stuff. It is a hard question to answer.

I think eventually we will arrive at the time when we will employ a man, who is an expert in his field, to study all these problems, and bring out the answers to them.

MR. MacDONALD (York South): Even when we do employ an expert, in the Province of Ontario with our relatively sparse population as compared with New York, we will come up with a system of toll roads, some of which will pay for themselves, and some areas will pay only half.

I am interested in how the area which will pay for itself completely will be determined, while the area which does not would be left out of your integrated toll-road system.

MR. AULD: Some of it would not pay for itself.

MR. MacDONALD (York South): If the thing pays for itself completely, fine: if it only paid one-half you would not touch it.

MR. REAUME: I do not understand that, Mr. MacDonald. What do you mean?

MR. MacDONALD (York South): If you take all

of Southern Ontario and are going to build an integrated toll road which will incorporate all the controlled highways, without any expert coming in now, we know that some of these areas will pay for themselves because they have the traffic density, while other will not pay for themselves because they have not that traffic density.

If this principle is followed, we will still have the road; we will still need the roads.

MR. CHILD: In fairness, they will all be toll roads.

MR. MacDONALD (York South): In politics sometimes logic does not rule.

MR. CHILD: I have not found that yet.

MR. REAUME: Something you will find out ultimately is that the government in power at the time will be one which will set the policy.

MR. MacDONALD (York South): I have no illusions on that score.

MR. YAREMKO, Q.C.: Getting back to the problem Mr. Root raised. When you come to grips with the highways, each individual situation will have to be considered by itself.

The Barrie highway, to my mind, is an ideal situation for a toll road. It is not the people in the area who are using it. It is becoming a highway for the

people of the Province of Ontario to get up north, and for people in the northern part of the Province to come south. It does not meet the needs of any specific area. There may be individuals who will disagree with it.

Besides that, the Barrie highway has no tradition behind it as yet. You could not compare it with the present Queen Elizabeth Way, and convert that into a toll road, because that highway is one which serves the people passing through and also the people right on that highway. They have settled there and have built themselves up on the basis that this highway is the one that they are going to use.

I think if when the Barrie highway was originally built, it had been declared to be a toll road from its inception, the people of the Province -- both the southern and northern portions -- and those in and around Woodbridge would have accepted it as such.

You would have to turn back the clock in some instances, and that may apply to the projected 401.

If, in addition to the Queen Elizabeth highway, if another road is built there, it can be dealt with very readily on a toll road basis.

MR. MACKENZIE: Mr. Chairman, I will have something to say later on in reply to Mr. Yaremko.

THE CHAIRMAN: These are some of the fundamental

problems we are discussing on the toll roads applicable to Ontario, and our peculiar situation, and I feel that these gentlemen who have come here, definitely have something to offer us when giving us their opinions.

They cannot tell us traffic densities, but these problems are more fundamental than that.

I would be very interested in hearing from other members of this delegation, if they have any opinion to express on the points of view we are discussing now.

MR. YAREMKO, Q.C.: Has that question been asked and perhaps answered by this delegation as to their opinion of the Burlington Skyway?

THE CHAIRMAN: It was asked of the Hamilton representations. It would be interesting to also ask Mr. Felker.

THE WITNESS: I think it is the concensus of opinion that it shoul be a toll bridge.

THE CHAIRMAN: By tolling it we would achieve the fundamental principle you set forth in your brief?

BY MR. CHILD:

Q. In the paragraph headed "Financial, No. 1," you say: "Toll roads constructed and maintained by private capital". That is a privately owned and controlled company? Is that the thinking?

A. No, that would be under governmental supervision.

MR. MacDONALD: In the same way private
private capital goes into Hydro?

MR. REAUME: That is by way of bonds, etc.?

MR. CHILD: But actually it is part of the
King's highway system.

MR. REAUME: Yes.

MR. CHILD: Even though it is formed and
operated by private capital.

MR. REAUME: No. As I understand it, we were
discussing this very point. These particular roads, --
if and when we have them -- will be operated under a
commission something comparable to the Hydro Commission.

By "private capital" I suspect what he means is
that the commission would issue bonds and would go out
and sell them to "Pete" Smith and John Jones, and the
rest, and would raise the money in that form.

MR. MacDONALD: I think Mr. Child is correct;
that any toll roads built under an Authority would be
integrated into the King's highway system, whether legally
they are a part of it or not. However, that is a bridge
we will have to cross when we come to it.

MR. CHILD: Years ago there were small bridges
and roads in Quebec which were operated by families and
were not part of the actual road system.

MR. AULD: We have some in Ontario.

THE CHAIRMAN: I wonder if Mr. Fletcher, the Chairman of the Hamilton Suburban Roads Commission, has anything he would like to offer in this discussion.

MR. FLETCHER: Mr. Chairman, I think our brief has pretty well set out the thinking of the Commission, as well as that of the County of Wentworth.

A question was asked by some of the members as to the Skyway Bridge which is under construction. We have felt very definitely for some time that that was one place which should have been under toll construction, because, as has been pointed out, that particular stretch of road is used very largely during the summer months by foreign traffic. During the time that the bridge across the canal was out of commission, -- about two or three years ago, -- it necessitated bringing the traffic along through the city of Hamilton, and created one of the worst congestions the city has ever experienced, for the short time during which the traffic was directed through the city.

We -- I refer to the County of Wentworth and the Suburban Roads Commission -- are situated at the head of the lake. To all intents and purposes, it is the hub of the highway system of the Province. It has been so referred to.

We have a greater concentration of traffic here

than possibly any other part of the Province. At least we feel that way about it. Maybe we are not familiar with some of the other spots, but we definitely feel that way, when we see traffic tied up at certain periods for miles. We feel very definitely that the solution is toll roads, and we are hoping that an Authority will be set up to establish toll roads and to let us get along before this situation gets any worse.

MR. REAUME: Oh, boy; I should say so.

MR. FLETCHER: I do not know what we are going to do. I am not trying to frighten the members of the Committee at all, but we have a situation there, as members here from the City of Hamilton know very well, and I want to compliment them on the fine submission they made this morning. We know their problems, and I hope the Committee realize it, after hearing the submission this morning.

We are very, very anxious that the question of a Toll Road Authority will be set up, so that we will get under way; because in the next five years -- and it may be five years at the best, before we get any of this in operation -- unless it is the Skyway -- and the situation will become desperate.

I want to thank the members of the Select Committee on behalf of the Suburban Roads Commission, for

your very attentive hearing. If there is anything that we can do to provide you with any further information, we will be very glad to do it.

We have with us here the grand young man of highways who has been associated with highways longer than anyone here. He was a member of the Legislature for some years, and was chairman of the Hamilton Suburban Commission for 37 years. He is secretary of the Ontario Good Roads Association, and also is prominent in the Canadian Good Roads Association. I do not know anyone who is more familiar with the highway situation than Mr. T. J. Mahoney. I do not know whether he would like to say anything here now. Maybe he is reserving what he has to say until the submission of the Ontario Good Roads Association. Apart from that suggestion, I do not think I can add anything further.

THE CHAIRMAN: Thank you, Mr. Fletcher.

I think we would be very remiss and foolish if we did not ask Mr. Mahoney to make an undoubted contribution to this session.

MR. MAHONEY: It is not my intention to make any contribution to your deliberations at this time. A little later, perhaps, after another week or so, our Ontario Good Roads Association will submit its brief to you. And while it will be along different lines, perhaps

we will deal with the matter in a more comprehensive way, so we will reserve our observations with regard to this toll road problem until later.

THE CHAIRMAN: Thank you, Mr. Mahoney, we will await your observations with anticipation.

MR. REAUME: This bridge that is being built up there -- is it being built and paid for by the Province?

THE CHAIRMAN: It is a joint matter.

MR. CHILD: There is only a slight taken of money coming in from federal authorities.

THE CHAIRMAN: I think our provincial contribution is about \$13 million.

MR. CHILD: I think the Federal Government is paying about \$3 million or \$4 million.

THE CHAIRMAN: It is roughly \$13 million as opposed to \$3 or \$4 million. I think I am right in that.

MR. REAUME: That may be applied to the toll-road proposition.

MR. MANLEY: Mr. Chairman, in both of the briefs, as presented by the people here this morning they have expressed their views on toll roads, but only within their own municipalities.

I am wondering if they would like to advance an

opinion as to giving certain destinations for toll roads, including their own municipalities. Would they care to say they would like to see toll facilities starting at Toronto, going through to Niagara Falls, and taking in the Hamilton area, or would they be free to express an opinion outside of their own particular municipality?

As I see it, you could not have a toll facility just to serve Wentworth and Hamilton city alone. I do not think that would be feasible. You would have to take in a long stretch of area.

MR. CHILD: What about No. 401, for instance?

MR. MANLEY: I am not mentioning any highway particularly, but I would like an opinion as to a little longer road than has been suggested this morning.

MR. CHILD: I thought they encompassed everything in the principle of toll roads.

Perhaps Mr. Felker would answer Mr. Manley's question.

MR. FELKER: We are presenting this from the County of Wentworth because we know that area better. I presume there are briefs from other areas which will give information regarding other territories, and when those have been presented, I presume that the Committee will assemble that information and come to a decision.

But we are approving of toll roads in principle.

THE CHAIRMAN: Mr. MacDonald, have you something to add?

CONTROLLER MacDONALD: We are in full support of the proposal to develop inter-regional highway. However, I cannot say whether it should go from Niagara Falls to Barrie, or from Toronto to Windsor, because I do not know all the facts which it will be necessary to have, before that can be determined.

I did say, however, in our presentation what we thought one of the dangers was, to improperly develop toll roads, that is to say, to build just for the sake of having a toll road would be very improper.

I have been given to understand that in the United States very, very extensive studies were undertaken, separate and apart from construction studies by firms which specialize in the business of determining whether it should or should not pay for itself, whether it is feasible to build them, whether there is sufficient volume of traffic, and so on. If these things can be determined, and they decide it is a proper place to build a toll road, then we are in favour of it.

We are in favour of the principle of inter-regional toll roads.

MR. AULD: I think that is as far as they should go.

MR. CHILD: Did not the bonding company say they were not interested in offering bonds unless the feasibility report is satisfactory.

MR. MacDONALD: If it is a contingent liability would the province guarantee the deficit? I suppose that would cover it.

MR. AULD: We have been selling bonds and covering the gap between our highway expenditure and revenue for forty years.

CONTROLLER MacDONALD: We did not mention it in our brief, but we thought the financing should not be private. That is, where private organizations are sufficient to build. They build one and finance it themselves.

We feel it should be financed by the provincial government, and it should borrow the money to do that, but, first of all they should have a full feasibility report so they would know what they are doing. We are not in favour of full private financing when they own the facility under permissive legislation of the province.

MR. CHILD: You mention the fact, "if it is proved feasible to go ahead". Would you not support a road that might not pay for itself entirely, but that might bring back 60 percent. of the revenue?

CONTROLLER MacDONALD: In the opinion of those in authority, that might be considered feasible.

Personally, I think it would be.

It is obvious if the forecast for Ontario and for the department, is to be brought about, we can visualize roads which may be necessary, five years from now, but which may not pay their way now, but we need some sort of roads. I think it is a reasonable thing to do.

But I do not think toll roads should be built on the basis of a deputation coming from here, there and anywhere, coming to the Legislature and saying, "We want a toll road so that we can get from Toronto to wherever it may be at the maximum speed," just as a matter of convenience. I think it has to be proved in some fashion.

MR. MANLEY: Is it your feeling, Controller MacDonald, that the government should build these roads itself and borrow the money to finance them, rather than set up an Authority, and appoint certain people to see that a road is built?

CONTROLLER MACDONALD: I am not concerned about the authority, because the government would back it. It is a matter of mechanics. What I am concerned with is the government, by its agents, borrowing money to finance these things because I believe the government is in a better position to borrow the money, and to

finance this project at more reasonable rates, than some private enterprise.

MR. MANLEY: Could not our present Highway Department borrow the money to build the roads?

CONTROLLER MacDONALD: Quite. That is a matter of mechanics.

MR. MANLEY: They could borrow the money under their own Authority?

CONTROLLER MacDONALD: I see no reason why not. I presume it would be necessary to set up a branch which would amount to an Authority. It is purely a matter of mechanics.

MR. MacDONALD (York South): You are not objecting to a toll roads division in the Highways Department, rather than a Toll Road Authority?

CONTROLLER MacDONALD: Not at all.

MR. ROOT: What would you think if the government were to sell an existing controlled-access highway to the Authority, instead of issuing bonds, to pay for the road, they pay for it over 40 years or so, giving the province the opportunity to build municipal roads?

CONTROLLER MacDONALD: Presuming that the funds collected from these highways would be set up for these other highways, I think that by the time we caught up with ourselves, we would be stopped completely cold. We

would have to go more quickly than that.

MR. ROOT: That is related to the other question I asked.

As a committee we are "stuck" with this problem. We have built certain controlled-access highways free. We are trying to bring the Queen Elizabeth Way under control, as a service road. Can you leave a super highway free in certain parts of the province and toll another part? Or should the government sell the existing controlled-access highways to the Authority, build them into our pattern of toll roads?

CONTROLLER MacDONALD: It would seem to me that the only answer I can give to this question is that every one of them would have to depend on studies made by persons with qualifications and ability, and then study the data.

You cannot determine that on the basis of considering one part of the province over another. To say that the people in Hamilton and Toronto will have a toll road available to them, therefore, the people in Kenora also have to have a toll road, I do not think that is a reasonable submission.

MR. ROOT: You think that super highways, controlled-access highways, skyway bridges and all these super constructions should be brought under a Toll Road

Authority?

CONTROLLER MacDONALD: I think it is perfectly feasible if they are in keeping with properly controlled toll roads.

A toll road or a limited-access road on which one can travel at high rates of speed and with great safety. That does not include the Queen Elizabeth, because, from what was mentioned a little earlier, certain parts of the Queen Elizabeth are very nearly city streets, in that they have an entrance and an exist every 150 feet. That is not a toll road, to my way of thinking.

MR. ROOT: Do you think we should spend public funds to make a city street a controlled-access highway, or leave it alone and build another?

MR. LOMAX: We have discussed this. We would feel that with the average facilities of an existing road, there would be no reason why it should not be converted to a toll road. Whether that could be worked out by the Department or an Authority will have to be determined.

Whether you should try to convert the Queen Elizabeth to a toll road, or build a new one, only your studies can tell you which is the most feasible idea.

I think earlier we did give an impression we were primarily concerned with Hamilton. We do not appear before the Toll Roads Committee to ask for a toll

road to Hamilton.

We feel that they are much more than a local problem when you get away from the residential streets, and that sort of thing. We feel, therefore, that whether we like it or not, Parliament will have to assist the municipalities beyond the limits of their tax structure.

The present tax structure is determined by municipal boundaries, but road facilities should apply throughout the province.

That is why we think that some of the things cannot be financed by the municipalities nor by zones, but by the province as a whole.

The only way that can be done is to relieve some of the burden at present on the province, by making these roads toll roads, requiring them to be paid for by the users. We feel it is ^a/good and sound policy, and that is what the users want.

You have heard that people think the Burlington Skyway could be made a toll. The commercial operators want better facilities, and will have to pay for them.

THE CHAIRMAN: Gentlemen, is there anything else? Is there any other question to be asked or any further contribution to be made? (No response).

If not, once again I want to express the thanks

of myself and the Committee for your kindness in coming here. I would like to compliment you on your briefs and, particularly, on the decisive stand you took on some of these controversial problems. It has been of great assistance to us. You have said in black and white what you think, instead of "hedging" it around in shades of grey.

MR. FELKER: I would like to thank you, Mr. Chairman and gentlemen, for the receptive hearing we have received here today. On behalf of the Corporation of the County of Wentworth and the Hamilton Suburban Roads Commission we appreciate it very much.

THE CHAIRMAN: We will re-convene at 2:00 o'clock to hear the representatives of the Ontario Motor League.

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---Whereupon at 1:00 o'clock p.m., the further proceedings of this Committee adjourned until this afternoon at 2:00 o'clock.

A F T E R N O O N S E S S I O N

Toronto, Ontario,
Tuesday, January 10th, 1956,
2:00 o'clock, p.m.

— — — —

The further proceedings of this Committee re-
convened pursuant to adjournment.

PRESENT:

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

Messrs. Jolley,

Root,

Auld,

Child.

Yaremko, Q.C.,

Mackenzie,

Reaume,

MacDonald,

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. R. A. Stapells,

Honorary President, Ontario
Motor League, and Canadian
Automobile Association.

Mr. H. H. Bishop,

President, Ontario Motor
Owners Association; Past
President, Ontario Motor
League.

Mr. Bruce Benning,	Senior Vice-President, Ontario Motor League.
Mr. Nate Wilson,	Immediate Past President, Ontario Motor League; Director, Canadian Automobile Association.
Mr. H. J. Fairhead,	Honorary President, Ontario Motor Truck Owners Assoc.; Past President, Ontario Motor League.
Mr. Alex R. Morrison,	Immediate Past President, Canadian Automobile Assoc. Past President, Ontario Motor League.
Mr. Warren D. Hastings,	General Manager, Ontario Motor League; Executive Vice-President, Canadian Automobile Association.
Mr. W. A. Clarke,	Chief Engineer, Department of Highways, Ontario.
Mr. C. A. Robbins,	Services Manager, Ontario Department of Highways.
Mr. H. P. Jones,	Property Branch, Ontario Department of Highways.
Mr. C. Tackaberry,	Maintenance Engineer, Ontario Department of Highways.

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THE CHAIRMAN: Gentlemen, let us get under way
as we have a quorum present.

We have with us, the Ontario Motor League
representatives this afternoon. Perhaps I might ask
Mr. Hastings to introduce the members of his delegation,
and then I will introduce the members of the Committee

to you.

MR. HASTINGS: Thank you, Mr. Chairman. It is my present privilege to present to you, and through you to the members of the Committee, Mr. R. A. Stapells, Honorary President, Ontario Motor League and Canadian Automobile Association.

Next to him is Mr. Nate Wilson, Immediate Past President, Ontario Motor League, and Director of the Canadian Automobile Association.

On his left is Mr. Bruce Benning, of St. Thomas, Senior Vice-President, Ontario Motor League.

To his left is Mr. H. H. Bishop, President, the Ontario Motor Owners Association, and Past President of the Ontario Motor League.

Across on the other side is Mr. Alex R. Morrison, of London, Immediate Past President, Canadian Automobile Association, and Past President of the Ontario Motor League.

Next to Mr. Morrison is myself, Mr. Warren B. Hastings, Executive Vice-President of the Canadian Automobile Association, and General Manager of the Ontario Motor League.

And at the corner of the table is Mr. H. J. Fairhead, Honorary President, Ontario Motor Truck Owners Association, and Past President of the Ontario Motor League.

THE CHAIRMAN: Then, gentlemen, immediately on

my left is Mr. MacDonald, then Mr. Root, Mr. Jolley, Mr. Yaremko, Q.C., Mr. Auld, Mr. Mackenzie, and Mr. Child.

To my right is Mr. Macnee, from the Department of Highways, and I think you all know our Secretary, Mr. Collins, and his assistant, Mrs. Showalter.

The members of the Fourth Estate are at the far table.

Mr. Hastings, would you like to present this brief? Do you care to read it?

MR. HASTINGS: I shall be pleased to read it.

W A R R E N B. H A S T I N G S,

General Manager, Ontario Motor League; Executive Vice-President, Canadian Automobile Association, appearing before the Committee, but not being sworn, deposes and says:

THE CHAIRMAN: It will not be necessary for you to stand up. Our meetings are as informal as we can make them.

THE WITNESS: I thank you and your Committee, Mr. Chairman, for the opportunity of making this presentation to you.

May I preface the brief by stating that Ontario is progressively developing a symmetrical system of highways and is rivalled in this by few States in the

United States.

May I also state, Mr. Chairman, that we were somewhat surprised at the declaration in favour of toll roads by some members of the Committee, although the evidence, as I understand it, is far from all in as yet. I hope that those members who have been reported -- I should have said "reported" before -- to have made a declaration of unqualified support of toll roads are really diplomats. You will recall the difference between a diplomat and a lady.

When the diplomat says "No", he means "maybe"; if he says "maybe", he means "no"; if he says "no", he is no diplomat.

If a lady says "Yes", she means "maybe"; if she says "maybe", she means "no", but if she says "yes", she is no lady.

Sometime ago, I had a little correspondence with regard to the difference between "M.L.A." and "M.P.P.", and it was suggested that at some time we might approach that very briefly.

As I recall, it was the Rt. Hon. Howard Ferguson, a former Prime Minister of this province, who very definitely preferred "Prime Minister". He also very definitely preferred -- and so instructed the members of his Cabinet, that they should use "Members of the

Provincial Parliament", rather than "Members of the Legislative Assembly".

He claimed the representatives of the four provinces before Confederation had the right to such title, that is, those four provinces which participated in Confederation, New Brunswick, Nova Scotia, Ontario and Quebec.

I see that now Hon. Maurice Duplessis wants that laid down in law, that is, the contention of the Hon. Mr. Ferguson, and I recall our mutual friend, George H. Henry, a former Prime Minister of this province, who later confirmed that.

Well, to get on with the case.

The report of the results of a recent opinion poll by the magazine "Canadian Travel Business" indicated that 71 percent. of those polled consider highways in Ontario satisfactory and 75 percent. voted against toll highways. Possibly you observed that Premier W. A. C. Bennett of British Columbia recently stated that he was opposed to toll roads being established in the Pacific Province.

Not the least unlovely feature of toll roads is their penchant for self-perpetration as such. The Wilbur Cross and Merritt Parkways have no terminal dates as toll facilities. Some of the others are extending

their life expectancy as toll facilities by building extensions, connections, tributary and distributary highways, and even docks as traffic contributors, always avowedly pro bona publice -- in the public interest -- at the expense of the motoring public.

Hon. R. H. Winters, Minister of Public Works, when receiving a deputation of the Canadian Automobile Association recently -- of which Mr. Alex Morrison was a member -- stated the Federal Government had a quarter of a billion dollars to allot to the provincial funds for highways improvements, provided, of course, Quebec could be persuaded to participate in such a scheme. I hope some work will be done toward introducing Hon. Maurice Duplessis to accept such a contribution, in the interest of the roads of this province, and of Canada, because Canada as a whole, is one of the greatest beneficiaries of good roads. Diversions have been one of the besetting sins of the highway construction in the United States, and its rather ugly head has appeared here as a proposal that the Hamilton Skyway be made a toll way, and that the funds that the province is to spend on the Hamilton Skyway, will be diverted to municipalities for local roads, and that the Federal funds -- about one-quarter, I understand, of a total of \$15 million or \$16 million, the Federal contribution

toward the construction of the Hamilton Skyway -- be turned over to Hamilton for the improvement of its port facilities.

If that is not gross diversion, I do not know what is.

It has been proposed in this city that the same contribution made to the T.T.C. for the Bloor-Danforth subway project be made to make road facilities -- expressways -- of this city. Just why the motorists should be the "Santa Claus" and "pick up the tab" of the subway project, is certainly not clear to us. It does seem to us very inequitable, and I very much doubt if it will be pressed.

Frederick Gardiner, the super Mayor of Metropolitan Toronto, said not many months ago that the motorist is paying his share toward roads by the registration fees and gasoline tax.

Now, for the proof.

"This is the heartland of Canada. Ontario is the most populous, most dynamic, most opulent province of this Dominion, the realm with the greatest potential and the highest standard of living in the Commonwealth and Empire. It is admired and envied throughout the world. 'All its past acclaims its future' -- a future of fantastic development, progress and

prosperity, the tempo of which may well prove to be unprecedented as well as unparalleled anywhere.

Respectfully it is suggested 'it is not to be thought of' that this great province would seriously contemplate the sanctioning of tollways which would rank above and take precedence over the Queen Elizabeth Way and the comparable King's Highways of this province, let alone the conversion of these regal and free road facilities into 'made-in-the-U.S.A.' tollways.

There appears to be some confusion in the ranks of the tollway proponents. Hon. Bryan L. Cathcart, Minister of Travel and Publicity, recently was reported to have stated that he was disposed to favor tollways for Ontario because they would free from congestion our older types of highway for the benefit of United States motor tourists who would, therefore, come in greater numbers and linger longer in our lush and lovely land.

Previously, on a number of occasions, Thomas J. Mahony, Managing Director of the Ontario Good Roads Association, declared that if this province would build tollways and convert controlled-access freeways into tollways, United States motor tourists would come over in their millions and by tolls pay a large part of the costs of such modern

road facilities."

May I interpolate by saying that both cannot be right. Both could be wrong, obviously.

"Conjoined, these incompatible utterances are reminiscent of Alice's discussion with the White Queen in 'Through the Looking Glass.' Alice had said: 'One can't believe impossible things.'

'I daresay you haven't had much practice,' said the Queen.

That, you may recall, was but briefly before the transmutation of the Chess Queen into a sheep. Earlier, you may remember, Alice had a dialectical and semantic tilt with the Red Queen, who had said: 'When you say 'hill' I could show you hills in comparison with which you'd call that a valley.'

'No, I shouldn't,' said Alice, surprised into contradicting her at last; "A hill can't be a valley, you know. That would be nonsense....'

The Red Queen shook her head. 'You may call it 'nonsense' if you like,' she said, 'but I've heard nonsense, compared with which that would be sensible as a dictionary.'

It has been dogmatically declared that tollways are popular. With whom? An illuminating commentary is that the year following the conversion of the Florida

Overseas Highway from a tollway to a freeway, the number of motorists who drove over it was three hundred percent. of its peak year record as a tollway. If that is not a criterion of the relative popularity of freeways and tollways, what is?

Recently a friend, on returning from a trip to Florida, complained that the drive from New York City to Richmond cost ten dollars in tolls alone. The road distance between the American Metropolis and the Capital of Virginia is considerably less than the road distance between Toronto and Montreal.

Another esteemed friend who recently returned from a tollway tour conducted by the Ontario Good Roads Association, expressed himself as an enthusiastic tollway advocate. Is it possible that his and his fellow pilgrims' guides and mentors arranged, with 'Intourist' efficiency, that only the 'tight' (protollway) people were met and interviewed? Believe it or not, he is a Motor Club President. He is also the immediate past Warden of a prosperous central-southern Ontario county, a former Reeve and a Mayor. Could it be 'the voice is Jacob's voice, but the hands are the hands of Esau'?

The fact the he is a Director of the Ontario Good Roads Association do btless contributed something

towards the indicated resultant of his ambivalent urges. It is noteworthy that T. J. Mahony, Managing Director of the Ontario Good Roads Association, in announcing that that organization's annual convention will be held the 20th to the 22nd of next month, stated that its foremost topics will be 'toll roads and demands by Municipalities for larger provincial grants for local road systems.'

The concluding and quoted part of that statement is significant. Implicit in it is the assumption that tollways would enable the gratification of 'the demands of the Municipalities for larger provincial grants for local road systems.' Possibly that 'gratification' should be modified, for the 'gimme and gimme more and more' appetite appears to be insatiable.

Who would pay for this gratification or partial gratification? The answer to that rhetorical question is obvious: motorists, of course, through double taxation. Who are these motorists? Collectively they are the most heavily taxed of any major category of Canadians. It doubtless is superfluous to remind you that there are about as many motor vehicles as families in Ontario. In the teeming ranks of motorists, plutocrats compose a very minute minority.

Those who would have motorists provide the means of 'gratifying the demands of the Municipalities,' while a small minority of our population, compose the preponderance of the very vocal advocates of tollways for Ontario. Other not disinterested advocates of them are engineering firms, so-called investment bankers, and contractors who would profit -- or think they would profit -- by the planning, financing and building of the most costly of road facilities --tollways.

Tollways cost more to finance, to build, to operate, to maintain than comparable controlled-access freeways.

They cost more to finance because revenue bonds cost more to sell and service than government bonds.

They cost more to build because, among other things, toll houses must be provided.

They cost more to operate because toll houses must be manned, and separate policing is essential.

They cost more to maintain because separate way and vehicle servicing crews, with requisite vehicles and equipment, must be continuously available.

They are inherently inferior to comparable freeways because of the delays caused by toll collections. They are generally inferior to freeways

because of the exorbitant prices charged by their service stations and restaurants for gasoline, oil, tires, refreshments and meals, among other things.

It has been said that tollways are much safer than freeways, and statistics have been quoted in support of this assertion. Whence these statistics?

W. M. V. Ash, President of the Canadian Highway Safety Conference, in the course of his eloquent address to the Annual Convention of the Automotive Transport Association of Ontario, stated that the death rate per 100,000,000 vehicle miles on the Pennsylvania Toll Turnpike was 7.3, while only 5.5 on the other state highways in 1952. In 1953 the comparison was even worse for the Turnpike, with a fatality rate of 7.5 compared to 5.1 on the other highways of the State. In 1952 the mortality rate on the New Jersey Toll Turnpike was 6.1. It was 4.7 on the other highways of the State that year. The following year it was 4.1 on both. It is noteworthy that enforcement is given the credit for the marked improvement on the tollways. Police patrols were maintained at 9-mile intervals with radar-equipped cars.

The worst multiple-vehicle accident of which we have ever heard occurred a couple of years ago on the

New Jersey Toll Turnpike. Some sixty cars and trucks piled up in it.

The Pennsylvania and New Jersey Tollways are the only extensive toll facilities of the kind that have been functional for a considerable length of time. Again the question might be posed: Whence the favorable accident experience data on Tollways? In this context it is not inapposite to recall that George Canning about a century ago, when the most potent political personage in the world, exclaimed with some acerbity: 'Statistics! Statistics! I can prove anything with statistics.'

As you are doubtless aware, the financing of the construction of the Pennsylvania Toll Turnpike was fantastic. When bond floatations failed dismally, agencies of the United States Government picked up the tabs on two occasions. It is significant that the United States Federal Government has not permitted a dollar of its highway Federal Aid appropriations to go into Tollways since.

The New Jersey Toll Turnpike is a very special case of a different kind. The preponderance of its traffic has points of origin and points of destination outside of the State. It is therefore popularly known as a 'bridge facility'. As you know, it is in

one of the most densely populated and commercially and industrially-developed areas of the United States and, indeed, of the world. According to 'Time', New Jersey is, as it has long been, one of the worst offenders in the diversion of the revenue received from road-user taxes to other than road purposes. Only approximately 15 percent. of its road-user taxes reach its roads. A year or so ago it increased its gasoline taxes by one cent a gallon. The yield from that additional road-user tax was earmarked for schools.

According to the United States Federal Bureau of Public Roads, three billion dollars of United States road-user taxes have been diverted since 1924 to hospitals, sanatoria, schools, and, among much else, the propagation of oysters, support of public cemeteries, and the operation of ski schools. Those words are the words of John L. Springer in a tollway devastating article in 'Coronet.' The road-user taxes diverted in a single year would have built a modern highway as a freeway from New York to California. The prototypes of modern controlled-access highways were the Autobahnen of Germany. California was the first State in his hemisphere to build highways of this type. The California freeways are famed

throughout the world and compare not unfavorably with the Tollways of some of the eastern and midwestern States.

Respectfully, it is again suggested that they should be inspected before a final decision is taken by this Committee on its recommendations to the Legislature.

Why the epidemic of toll roads in some eastern and midwestern States of the United States? About fifty percent. of the States of the United States have been guilty of diverting highway user taxes to other than highway purposes. The case of New Jersey has been cited. There are many other flagrant, if not as bad, examples. In the great Empire State of New York, a Director of the American Automobile Association informed us some time ago that 45 percent. of the revenue it derives from road user taxes is diverted.

Road construction and modernization as a result has lagged far behind the phenomenal increase in motorization. The moratorium on road building and the treating of roads as expendables during World War II aggravated this adverse road situation and the politically expedient but inadequate gasoline taxes contributed to the inadequacy of post-bellum road work in these States.

Equalized for the inequality of the Canadian Imperial and U.S. gallon, the gasoline taxes of New York and Michigan, for instance, are only approximately half the Ontario gasoline tax, while significantly, the gasoline taxes of California is about two-thirds of that of Ontario.

Little wonder that Wm. C. Gilchrist, O.B.E., Managing Director of the Canadian Good Roads Association, said some time ago that Canadians are paying more than the equivalent of toll road charges.

While that is doubtless true on the overall picture, it is erroneous in so far as specific cases are concerned in that the tolls of the Tollways vary from an equivalent of an additional 20¢ per gallon to an additional 40¢ or more per gallon.

Roger E. Carswell, Statistician of Canadian Tax Foundation -- a publication you have filed here, and in some ways admirable -- and Co-author of 'Taxes and Traffic,' not long ago stated in a feature article in 'Canadian Business', entitled 'But ... Are Toll Roads an Answer for Canada?' that toll roads are far from being a panacea for our highway ills. However alluring they may appear to the uninitiated, 'a second look at the advantages and disadvantages of toll roads leads to the conclusion that their

appeal is purely financial'. He adds: 'The majority choice would undeniably be for freeways against tolls,' if good highway facilities are provided.

On a population or registration basis per mile of road, Ontario highway facilities generally are superior to those of most of the States of the United States and their capacity is by no means as heavily and congestedly burdened as are the road facilities of the comparably motorized countries of the world.

It might be appropriate to indicate a distinction, with a very real difference, between the position taken by the organizations of motor vehicle owners and operators, represented here, as to who should pay for the roads and the position taken by the Good Roads Association in that respect. The motorists contend that those who profit from the use of the roads should pay for them. The contention of the road association appears to be that those who use the roads should pay for them. Owners of cars, trucks and buses, of course, benefit from the use of the road, but they are by no means the only beneficiaries of good roads. Property values are enhanced by good roads.

Is it suggested that this should be an unearned

increment? Good roads make very substantial contributions to national, provincial and local economies. Should these contributions be at the expense of road users?

Distribution of goods and services rivals production in equating the cost of living and lowering the cost of distribution is a major benefit of good roads. Should this, too, be charged to the road users only?

All but a small fraction of the highly profitable tourist traffic flows into and over the roads of this province and, indeed, of all Canada. Should the motor vehicle owners of this province and the other provinces finance completely and exclusively this fundamental tourist-traffic facility?

Good highways are essential to efficient national defence and defence production, as well as other production.

Their importance in national integration as in cultural and social betterment should not need more than mention to be appreciated by this gathering. It seems to some of us at least, that much of the case for Federal Aid to major highway construction -- and it is an excellent case, a case that has the unqualified endorsement of President Eisenhower --

is lost by the contention that those who use the roads should pay for them.

Use determines the functional value of roads, and, as you know, our national economy rests on rubber. Every Canadian is a beneficiary of good roads, directly and/or indirectly. Is it not right and proper that each, to the extent that is practicable, should contribute to the cost of building, improving and maintaining good roads in proportion to the benefit he or she derives from their use?

You will appreciate, I am sure, that the policy of the Ontario Motor League in this is in conformity with the recommendations of the Royal Commission on Roads in the United Kingdom, and of similar commissions in Canada.

Roger Carswell deftly punctures a number of the tollsters' fantasy-land iridescent balloons. He, among much else, points out: 'preoccupation with toll roads may divert attention from the hard core of the highway problem, namely, the modernization and construction of an adequate urban arterial street system.'

The urgent traffic congestion problem is in the peripheral areas and on the arterial thoroughfares of our urban centres. This problem is being

adversary satisfied to argue and to withstand. Likewise
and of particular note about these challenges are how
readily most advised one to an audience

of three or four on the side of surgical racism claimed self-harm
as the only way out of an uncomfortable and now
inevitable racial encounter. In this

line, this self-enclosure into racial (and racial) forms
is seen by all as both normative (though with some
qualification) and as the

normative (though with some qualification) and as the

normative (though with some qualification) and as the

progressively dealt with in various ways, one of the most effective being the construction of bypass roads.

Mr. Carswell says: 'Toll roads would provide little or no relief to traffic congestion.' He also states:

'The history of highway finance in Canada shows that general taxpayers have provided for a portion of highway and street outlays. Most accepted theories of highway finance suggest they should. Any change that shifts from general taxpayers to motorists responsibility, simultaneously increases the overall burden on motorists. Most (general) taxpayers are motorists and therefore an additional charge in the form of tolls is, essentially, a levy on taxpayers. The existence of a toll authority increases the motorists' overall burden.'

He also emphasizes 'collecting tolls is a relatively expensive way of collecting revenue...' and cites the collection costs on the principal tollways ranging up to 15 percent. on the Wilbur Cross Parkway.

Despite unprecedented prosperity, not all the tollways have been bonanzas. The West Virginia

Tollway has been operating at a loss since it was opened, and the Main Turnpike has thrice had to increase its tolls to meet its operating and revenue-bond-interest costs.

Mr. Carswell also states:

*There are circumstances peculiar to the United States (some of which have been indicated) that make toll roads more attractive than in Canadian surroundings. The rigid relationship between highway outlays and revenue plus highway user resistance to increased charges have made rising costs more serious in the United States than in Canada. Between 1946 and 1952, state gasoline taxes increased 16 percent., whereas highway construction costs shot up 37 percent. In Canada, during the same period, provincial gasoline taxes increased by about 43 percent.'

He adds:

'In the United States revenues earmarked for highways are partially allocated to local authorities according to formulas which usually emphasize political considerations, rather than highway needs.'

The sorry state of the United States National and Inter-state systems is in no small part attributable

to this despicable, parasitic dissipation of road funds, including a substantial part of United States Federal Aid.

The President's 101 Billion Dollar Highway Plan will be passed in amended form during the current session of Congress, according to competent commentators. It will preclude such leakages as those mentioned, and will greatly increase Federal Aid to the Inter-State System. Increased automotive taxes will in large part finance the Federal Government's contribution to the plan.

President Eisenhower has resolutely refused to have the 'aid' bonds increase the Federal Debt, or establish a contingency obligation chargeable to it. This is mentioned because some would-be financiers of proposed Ontario tollways have indicated an expectation that the tollway revenue bonds would be guaranteed by the Government of Ontario. Would that not be secure and 'cozy' for them?-at the cost of impairment of the province's credit position. Isn't that tantamount to risk capital returns on a sure thing bet?

Mr. Carswell significantly says: "Mr. 'For the great body of motorists, freeways are probably more efficient movers of traffic than toll roads.'

He adds that circumstances are markedly different (more salutary) in Canada from those that resulted in the tollway epidemic in the United States and that it would be:

'a waste of natural resources to adopt the toll road principle if we are able to build needed roads through conventional financing methods.'

He admonishes that each road project be considered on its merits:

'need should be conclusively demonstrated; economic gains should not only exceed capital and ordinary costs of the project but should exceed the benefits from other projects requiring ... funds; financial feasibility should be established to prevent the promotion of questionable projects.'

Hon. James N. Allan, Ontario's Minister of Highways, has indicated -- and earned general approbation by so indicating -- that established controlled-access highways in Ontario will not be converted into tollways. Is it not obvious that some of the proposed conversions were preposterous? For instance the Barrie Super Highway, No. 400, while at times heavily trafficked during the summermonths, with the exception of two or three week-end holidays during the other nine months, is so lightly trafficked

that a cannon could be shot innocuously up or down it at almost any time. Certainly it would not meet the mentioned Carswell criteria to convert the Elizabeth 'Way into a tollway.

Points of ingress and egress fifteen to twenty or more miles apart, as is the general practice on tollways, would make the confusion of the traffic in major suburban areas insufferably worse confounded.

That leaves the suggested Windsor-Fort Erie Tollway the sole remaining proposed toll facility to be considered. Whether it would meet the Carswell criteria is very doubtful. The routing of it as suggested by a London financier, who intimated that he represented interests that would be prepared to finance it, would very much compromise the short-cut appeal to United States trucking interests because it would be very much longer than the formerly proposed direct route through the 'Banana Belt,' between its Ontario termini.

The now proposed route would meander across southwestern Ontario to tap its major urban centres. Much of it would, therefore, more or less parallel the Trans-Provincial Highway, No. 401.

Incredible though it may seem, it is proposed that from the vicinity of Hamilton, it would parallel

the Elizabeth Way, slashing and mutilating the 'garden of Canada', the Niagara Peninsula below the escarpment, the orchards and vineyards of which have gained it international renown.

With the completion and integration of the Illinois, Indiana, Ohio, Pennsylvania, and New York Toll Thruways, the now apparent United States commercial traffic for it may very materially diminish.

However that may be, the No.3 Highway Association, at its recent meeting in St. Thomas, went on record as militantly opposed to the construction of the proposed Windsor-Fort Erie Tollway, and not long ago an Ontario agricultural association declared its opposition to tollways generally in this province.

As you probably have noticed, no newspaper in the province has more cogently or vehemently execrated toll roads than the Windsor 'Star'. Its editorials have been widely reproduced across Canada.

Widely reproduced, too, has been Robertson Davies' editorial in the Peterborough 'Examiner' against the tollway 'infection' from a 'less happier land'. He mordantly remarked:

'The suggestion made by an engineering firm that 'the remaining gaps of Highway 401 be completed as toll roads' is lunatic from a civic and political

point of view. Are Belleville people expected to pick up 401 and happily pay a toll to Newcastle, after which they will join untaxed Peterborough motorists on the freeway to Toronto?

The Trans-provincial highway from Windsor to Montreal has been planned without expectation of tolls. The present traditional system of freeways should be maintained until there are better reasons for toll roads than have yet been advanced.'

The inimitable Louis Blake Duff, philosopher, philologist and pundit, historian, financier and friend of many of us, directed the keen blade of his incomparable whimsical wit and humor against tollways-for-Ontario propaganda. In an also widely published satirical commentary on the subject, he described the study of the tollway proposal as one of 'gloom, covered by darkness.' He referred to the time when Yonge Street had three tollgates which some present will remember -- 'Herb! Bishop, I am sure, will remember them -- and which, he states, farmers made detours of miles to avoid. He suggests as addenda to the charge schedules of the proposed tollways:

'Car with defective brakes, \$15.00; car with drunken driver \$150.00; car driven recklessly \$125.00; car driven by 'smart' juvenile \$125.00.'

An author and poet, Victor Lauriston, concludes a syndicated article which anything but extolls toll-ways, with:

'There is an Achilles' heel of any super highway which tries to collect tolls when there are so many alternative routes.'

Another syndicated column starts with a declaration: 'The one issue that we will fight with all our vigor is the proposed 'inevitability' of toll roads.'

There are a number of others that are similar, as those of you who subscribe to clipping services know full well.

Don o'Hearn, whose column 'Queen's Park' appears in a considerable number of Ontario newspapers, about three weeks ago made some charges which, if accurate, provide cause for considerable concern. He stated in part:

'When the Committee visited New York and Pennsylvania, for instance, there were no arrangements made to hear the other side of the story. In New York particularly there was a very intense fight against tolls and some of the interesting data should have been forthcoming if the Committee wanted to hear it. People are going to start

thinking that the Legislative Toll Roads Committee is 'fixed'."

May it be hastily added that it is unthinkable that this Committee -- or any Committee so constituted with similar terms of reference -- would listen to and garner data exclusively from the Evangelists of Toll Highways and their special pleaders.

The published utterances of your Chairman and some other members of this Committee, the judicial silence of others, may it be added, does them credit, but unfortunately is in striking contrast with the partisanly-prejudiced assertion of still others, some of whom have betrayed appalling ignorance of what is involved, as well as having prejudged the issues."

Again, that is based on the report, Mr. Chairman, and again I say that such -- if such there be -- should be diplomats.

" Dorothy Thompson, international columnist and commentator on world affairs, near the conclusion of her Marffleet Lecture in Convocation Hall, U. of T., declared:

'Are we to assume a majority population of near-Morons? If so, what case could be made for

popular self-government? ...The science of engineering public consent is already well advanced. If that is to be the evolution, why object to the Soviet Union?'

A primary responsibility of governance is the provision of an arterial highway system. If the government delegates a part of this responsibility to a non-governmental agency, which is not responsible to the people, is not democracy compromised and governance splintered, and are there not in this, very detrimental potentialities?

There is a junta in the Ontario Good Roads Association which has advocated the transference of the functions of the Department of Highways of Ontario to a Commission. That same junta has advocated a general establishment of tollway Authorities in this province. It has not disguised that it is motivated in this by the hope of having our main travelled highways financed by tolls and the revenue derived from road-user taxes in large part channelled to municipalities.

This is execrable enough in itself, but how much more execrable it would be if the Commission the junta desires was established and functioned on the basis it obviously would demand? Would the

division of authority the establishment of toll Authorities would cause, with all its objectionable repercussions, prove to be the initial phase of the entry of the thin edge of a wedge, designed to sever the Highway Department from the Government?

In conclusion the hope is expressed that in the pilgrimages and deliberations of this Committee, not just some but all of its members will bear in mind the import of the following lines from Noah Webster's 'Wings of the Morning' oration: 'A sense of duty is with us always. It is omnipresent like the Deity.' Certainly it should be!

"You take unto yourself, the wings of the morning, and dwell in the uttermost parts of the sea" -- you know the rest of it.

" As a postscript may I add that the highway and traffic engineers of the American Automobile Association are convinced that with the enactment of the amended President's Highway Bill the tollway epidemic in the United States will subside even more rapidly than it developed.

During a discussion of Tollways at the annual convention of the American Automobile Association in Los Angeles, Wm. Stinchcombe presided. He is

Honorary Secretary of the American Automobile Association and in the normal course of events will be its President in about two years. He is a professional highway engineer of international repute and has long been Chairman of the American Automobile Association Roads Committee.

. After several diatribes had been uttered on toll roads by speakers, Chairman Stinchcombe recognized a member who asked: 'Isn't there another side to this question?' 'Yes,' said Chairman Stinchcombe, 'there are always at least two sides to every question. On this question you have heard much of the right side. Does anyone want to say anything on the wrong side?!"

Mr. Chairman, I thank you and the gentlemen of your Committee for your patience, and I apologize for my voice, but I have been troubled with a nasty cold for about a week.

THE CHAIRMAN: We thank you, Mr. Hastings, for reading this brief to us.

Gentlemen, are there any questions to ask of Mr. Hastings, or any discussion arising out of this brief?

MR. CHILD: I have made a few notes here, Mr. Chairman. I would say it is a very comprehensive report,

and goes into great detail. It is always nice to hear the other side of a story.

MR. YAREMKO, Q.C.: Which side is it, the wrong side or the right side?

MR. CHILD: I have not made up my mind as yet.

One of the statements in which I was interested is:

"They are generally inferior to freeways because of the exorbitant prices charged by their service stations and restaurants for gasoline, oil, tires, refreshments and meals, among other things."

I was under the impression that on some of these controlled-access highways in the United States, the Authority sets the prices themselves.

BY MR. CHILD:

Q. Have you any figures to the contrary?

A. I would explain, Mr. Chairman and gentlemen, that statement was based on a statement I received some months ago. I heard just recently that an abuse has been created by some new scheme amongst these concessionaires which has created almost a monopoly, as you know.

THE CHAIRMAN: In that connection, Mr. Hastings, I believe the New York Thruway even specifies the thickness of a piece of ham put into a sandwich, and the amount of filling, the thickness of the bread, and

the amount of butter to be used, and so on.

MR. REAUME: And the price.

THE WITNESS: I have not heard of that, sir.

THE CHAIRMAN: That is what we were told by Mr. Tolomy.

MR. MacDONALD: Is that not in the category where abuses have been created? Offhand, I do not recall getting any details regarding the level of prices, as compared with the going prices on toll roads.

MR. AULD: I think their experience has been that with the more recent ones, they have specified as to what hours they are to be open, and the maximum prices, and so on. There are other meals, but they must have a certain menu available at a set price, and it has to contain certain things, and so on.

MR. REAUME: Are you speaking only of food, or other articles as well?

MR. AULD: And gasoline, as well.

MR. REAUME: I do not think it is true of gasoline. I have travelled on those highways, and have purchased gasoline, and I know the prices were as they are elsewhere. They were absolutely the same.

BY MR. CHILD:

Q. Based on practice and experience from other toll roads, would we not be able to forestall this

particular objection, by taking action ourselves immediately?

A. I do not know of any reason why not. It would mean policing, of course.

BY MR. YAREMKO, Q.C.:

Q. I think the whole problem boils down to a statement on page 8, where I see:

"Every Canadian is a beneficiary of good roads, directly and/or indirectly. Is it not right and proper that each, to the extent that is practicable, should contribute to the cost of building, improving and maintaining good roads in proportion to the benefit he or she derives from their use?"

Is there a Solomon in existence who has ever devised a scale by which that statement could be put into effect?

A. The question is well put. This mentions perfection, but, of course, to approach it would be desirable, rather than require the motorist owner and operator -- those who use the roads -- should pay for them. They should not pay for them.

Q. If the province of Ontario is going to spend more money on highways than it collects in revenues, is it fair that some man who does not own a car, never uses a

car, should contribute part of these millions of dollars by which highway construction costs exceed the revenues derived? Should a man who uses the T.T.C. streetcars pay for a highway that the motorist is going to use?

A. The proposition that the motorist contribute to the cost of the Bloor-Danforth subway through some government subventions -- well, we are talking like Alice in Wonderland -- upside down.

Perhaps I did not quite understand your comment, but to answer the first part of the question, I will say that all of our people are beneficiaries of our highways, because without our highways, our whole economy would be utterly stalled, and that is inconceivable.

Therefore, in reducing the cost of living by lowering the cost of distribution, everybody is benefited. Everybody is benefited in that all the milk flows into our centers over our highways, and in many other ways, national defence, for instance --

Q. I do not think anybody would quarrel with that thesis, but we have to devise a practical way of working out this problem.

Another practical solution is to increase the gasoline tax, if we are to continue with these highways we are building.

A. I think you will find in this "Taxes and Traffic",

the suggestion is not how much is to be contributed by the province to the cost of constructing and maintaining highways, but how much is to be contributed by the road users, and how much should be taken out of the property taxes, and so forth.

I think the ratio for Ontario was 75 percent. which should be contributed by the road users' tax. But that includes the paving of city and residential streets. And the die was cast for that long before the motor car was a significant factor in our traffic, and excludes, of course, the access roads and such industrial development and the mining and pulp and paper industries, and so on, which are not of value to the motorist in general, but are highly-specialized services. The mining roads, I think we will all agree, are of no advantage to the motorist generally, but are of great advantage to those living on them.

Just as you have local improvements, and taxes to take care of such facilities in the cities, so there should be -- and perhaps there is in the country -- certainly the cost of such facilities would be, I suggest, an inequitable charge against the motorist.

MR. AULD: In our business of buying things, we receive them by trucks, and the cost of trucks, gasoline and licenses is included in the cost of the freight, which

we in turn pass on to the consumers, whether they be motorists or non-motorists, so they are, in fact, paying for our highways, just as they would be paying for part of the cost of the railroad, if the goods came in by rail.

I was interested in Mr. Yaremko's statement with reference to people who pay according to the benefits they receive, and it was submitted to us that the gasoline tax, which everybody pays, pays for the arterial system, and those who desire to travel on premium roads, such as superhighways, should be willing to pay the premium.

Is it not true that the people who want the better services should be willing to pay for the premium services they receive? It is as if you have a berth on the railway. You get a berth, but you pay extra for it. You can get from "A" to "B" in a coach if you wish, but if you wish to travel more comfortably, and more safely -- although I see Mr. Hastings takes issue with me on that -- would it not be true that people should be prepared to pay for those services?

THE WITNESS: I think our controlled-access highways on the basis of motor mileage and motor vehicles of any kind, does not cause any excesses. Everybody who is using them, has already paid for them through their

gas taxes, and that is why I think the toll road is imposing a double tax.

BY MR. ROOT:

Q. If you think the controlled-access highway is of no particular premium, as you mentioned in your brief, and considering the safety factors, should we stop building controlled-access roads, and begin building free-access highways, to assist in the construction of the municipal roads and streets?

A. No more than you would expect the Canadian Pacific or the Canadian National Railways to follow the same principle.

Q. As Mr. Auld said, when you get special services on the railways, you pay an extra premium for those services. You ride, perhaps, in a chair car, or sleep in a berth, and you expect to pay for it.

A. I do not think the two situations are analogous, because, as I have said before, we are paying for the access type of road through our registration fees and gasoline tax.

As you know, the gasoline tax is double -- or perhaps even more -- than the average in the United States.

BY MR. CHILD:

Q. That is not exactly the case. We put everything

we get from motor car registrations and gasoline tax back into the highways, and still we cannot meet the interest.

A. I saw in a morning paper that 75 percent. of the Provincial Police are charged to the Highways Department. I am not quareling with that, but I point out that not all of the money which goes into our coffers from our provincial registration fees and gasoline tax does go into the highways.

BY MR. YAREMKO, Q.C.:

Q. I would much rather travel on a highway which is policed, than on one which is not.

A. So would I. I would like to see the highway police doubled or even trebled.

BY MR. JOLLEY:

Q. You do not think ^{of} the police as part of the highway operation? That money has to come from somewhere --

MR. CHILD: That is not altogether correct. We put every penny we receive from gasoline tax and registration fees into highways.

Part of the deficit, by which we go into the hole each year, is part of what we may pay for the Provincial Police, but every cent, plus many millions of dollars more, goes into the highways, and whatever the

figure may be that we pay for the Provincial Police, only increases the deficit, and does not come from the expenditures of money received from the vehicle registration fees and the gasoline tax.

THE WITNESS: I would be very willing to see it cut down on that basis.

BY MR. AULD:

Q. At one time, the highways had their own police forces, who did nothing but highway police work.

But, at the present time, a great proportion of the time of the police officers is spent in policing the highways. They do other things, of course, but I know from our own experience in my district, that most of their work is in policing the highways.

A. I would like to see the highway police doubled or even tripled, as I say.

BY MR. ROOT:

Q. The revenue is not keeping up with the expenditures of the province. I am not sure whether your organization represents rural Ontario or not, but perhaps we are building controlled-access highways here, at the expense of leaving the rest of the province in the mud, and 90 percent. of your livestock, 90 percent. of your other produce, and all of your milk, is serviced on rubber, and the problem with which we are concerned is

that the municipalities are asking that some of the cost of the roads be taken off real estate, and we are toying with this idea, as to whether this is the way to do it, Perhaps you can think of some other way.

One thing in which I am interested is that I see on page 7, you say:

"Good roads make very substantial contributions to national, provincial and local economies."

I agree with that.

Do you think the Federal government is paying for the benefits it receives from the highway road system?

A. By no means.

Q. Do you think the local municipalities are paying more than their share, when you put one-half of the cost of rural roads onto real estate?

A. No. In many cases, it is through urban development, with an increased tax value, at the expense of the motorist.

You can take almost any road from any municipality to any of our cities, and you will find it has been reduced from an efficient highway to a city street, yet they are built by the province at the expense of the motor-vehicle owners and operators. I am not sure that should not be charged back. I am not sure that should not be

charged back against the subventions paid to the municipalities.

BY MR. AULD:

Q. When that development occurs, the local municipality is required to build more schools to house the children from these homes. In many instances, once it is considerably built up, they put in water mains, because the wells have dried up, and put in sewers, and provide fire protection, and so on.

Actually, from a municipal point of view, residential development is a losing proposition, unless there is some industrial development occurring also.

A. Should it be so?

Q. I do not know whether it should be, but I know it is.

A. For many years, as our cities developed, we have built streets, and built schools, when the motor vehicle registrations amounted to next to nothing. We did not start driving cars in this province until 1903, and we were the first province in the Dominion to start taxing motor vehicles.

BY MR. ROOT:

Q. You are not suggesting the early development of the province took place where there were highways? That is rather far-fetched.

We talk about decentralizing our industry and our people, but how are you going to do it, if you centralize your transportation arteries?

The thought behind toll roads is that these super-structures would be financed with a super-tax, if you like, to release more of the provincial sources of revenue to develop other parts of the province, and assist in decentralizing industry and the people.

A. I suggest in the brief that I believe there are very few states in the United States, in fact very few licensing jurisdictions on the Continent, which have developed the symmetrical system of roads, as in Ontario.

We are proceeding with that by providing bypasses around a number of the larger cities, and distributary and tributary approaches are being built and financed, as thruways are being financed.

BY MR. YAREMKO, Q.C.:

Q. There is one word in this brief -- a very small word -- but an important one.

On page 10, you quote Mr. Carswell as saying: "For the great body of motorists freeways are probably more efficient movers of traffic than toll roads. It would be a waste of natural resources to adopt the toll road principle --" and here are the important words --

"-- if we are able to build needed roads through conventional financing methods."

Are you convinced in your mind that we are able to build needed roads through -- and I will insert the word "present" -- through present conventional financing methods?

A. Perhaps not as quickly as we would like.

In some of the facilities which are now being provided, one of the most costly features is the land acquisition. And another feature is your permanent structures, your interchanges, your over-passes, and under-passes. I do not know why, in equity, they should be charged in part to posterity. It is true they are going to serve posterity, but their cost of financing might well be equitably set up on the basis, it seems to me, of their useful life expectancy.

BY MR. AULD:

Q. I think that is roughly what has happened in the past, according to the amount of the difference between our expenditures and our income, but I noticed in one spot you quote that in the Flordia situation it is more popular as a freeway.

I do not think anybody would contradict that, but it is, perhaps, an over-simplification that perhaps a roadway is more popular than no roadway at all, and if

it is a freeway, it will be more popular than no free-way.

I wonder if the Motor League would be prepared to say whether they would favour a sizeable increase in the gasoline tax to pay for roads, which we are faced with building at the present time, or build toll roads, or shall we only build the roads we can afford to build from the present gasoline tax?

A. I know the roads have to be paid for, and we want the roads. Some of us are perhaps a little impatient at the speed with which we are getting them.

If bond issues are to be made to finance roads, they can be made at a very much lower cost as government bonds, than as toll-road bonds. The servicing cost is also much lower. Indeed, that is the way they should be handled from an economic point of view.

Q. The bonds must still be paid for by somebody. I heard quoted yesterday an amount of "\$136 million", as the amount of cash expenditures exceeded the income, and roughly, I think \$30 million of that was in the last four or five years, and it appears the lag is being accentuated every year.

If roads are built by bond issues, interest has to be paid each year, and provision has to be made for paying the bonds off, so it would appear to me if

they were financed that way, there would still have to be additional revenue to pay for them.

A. I think a very hard look should be taken at all sources of revenue on a realistic basis of today, because of the shrinkage in the purchasing power of the dollar.

The motorist has no objection to contributing an equitable share toward the cost of roads, but he does not want to be "Santa Claus" this year for 366 days in the year.

MR. MacDONALD: I think this is a completely new idea which, for the first time, has emerged from this brief. I want to see if I am clear in my grasp of it, by asking one or two questions.

BY MR. MacDONALD:

Q. Would you agree that the amount we are spending has been increasing to improve our road needs in the province?

A. I cannot answer that "Yes" or "No".

Q. Let me re-word it. Would you agree that the need for highways, because of our present traffic congestion in places where we feel the need for adequate highways, that we should continue to build highways in the manner we have been doing the past few years?

A. So long as the increase of registration keeps

pace, because I am always suspicious of these extrapolations for the next five or ten years.

Q. If that is the nub of your presentation, if you agree we have to spend so much money on highways, instead of loading the burden onto the motorists, or the road users, it should be loaded onto the people who are profiting from the road, and that means the whole community, or the whole province.

A. So far as it can be apportioned to the people. For instance, the Federal government is a great beneficiary and certainly it should be contributing very substantially to the construction of our main roads, and our arterial systems.

Q. I do not think any of us would disagree with you.

A. If they did, many of the problems would vanish like gossamer in the sunshine.

Q. It seems to me that instead of loading it onto the car users, it should be loaded onto the whole province, but the provincial government would be meeting that by widening the margin between what we are getting, and what we are spending.

A. Plus the users, as they increase, too.

Q. The community as a whole is represented in the general taxes, and yet there is money which should come in

from other than the gasoline tax.

A. I think we are in agreement there, if you mean what I mean, that it should proportionately take up the burden of other costs.

BY MR. CHILD:

Q. That brings up another point.

On page 5, you were speaking of a jurisdiction in the United States, and you refer to it as a "bridge facility", and you say:

"As you know, it is in one of the most densely populated and commercially and industrially-developed areas of the United States, and, indeed, of the world."

That has reference to one of the larger states of the United States, and it might be accepted that they would build a toll road, but Ontario does not come into that category by any means.

A. Plus the fact that they are diverting 85 percent. of their road-users' taxes to other purposes.

Q. Do you know of any state which is comparable to Ontario, where we have six American states bordering on our southern boundary, in which they have 45 million people, and in that area, more than one-third of the total registrations of motor vehicles. They come over onto our roads and drive for nothing.

A. I think that the commercial vehicles will come in at Windsor, and go through to Fort Erie, and vice versa.

MR. REAUME: I understand it is only a small flow.

THE CHAIRMAN: Do they not pay a small license fee?

MR. CHILD: These people can load up with gas at Detroit, and not even touch a Canadian gasoline station, and they can fill up again at Buffalo, and we are paying for Americans to use our highways, and my information is that during a twelve-months' period, in between the border cities of Fort Erie and Niagara Falls, on the Queen Elizabeth Way, between that point and Toronto, 20 percent. of the traffic on that particular highway was American traffic, and they pay nothing by way of registration, and they can drive most of the way, if not all of the way, to Toronto and back without having to spend a penny for gasoline.

I understand that 20 percent. of that highway traffic is American.

Q. I would not have thought it a very pertinent observation, but I will not challenge it.

Q. It is a terrible load on holidays and week-ends. As a matter of fact, if you are in the beach area, you

would think you are in an American colony.

Is it your contention that American traffic should be permitted to drive over our highways and not contribute to the construction and maintenance of them?

A. So far as the generalities of tourist traffic, I think it is about equal, on balance. Commercial traffic will be going on, and I believe there is a small, nominal charge now on a license basis.

I think it might be well to give consideration to increasing the charge to take care of such factors as you mention, such as the gas consumption, between the points of entry and exit.

Q. Then it would be alright to charge a toll on every American car coming into Ontario?

A. No, I said the commercial traffic which cuts across the Peninsula.

Q. Why trucks and not cars? What about the travel from Buffalo to Toronto and back? They are driving cars, and making money.

A. Do you propose to charge all the cars which come from the United States?

Q. That is what I am asking you.

A. No, definitely not.

Q. Yes, but will they contribute their share?

We have roughly 45 million people adjacent to this province,

and they have access to our highways. That is almost four times the population of Ontario.

A. I think actually, sir, that Canadians are border crossers to six or seven times the extent that Americans are crossing this way, on a population basis, and I think the general agreement is that our tourist traffic contributes considerably to our economy.

Certainly I would not like to see barriers erected to that.

On the other hand, I do not think it is equitable that commercial traffic should cut across from Windsor to Fort Erie, or from Fort Erie to Windsor, on what is virtually a non-stop basis, and contribute nothing toward the cost of the Ontario facilities they use.

BY MR. REAUME:

Q. That might be alright, but I have spoken to many people from Canada who travel in various parts of the United States, and I have not found one who has travelled upon these toll roads, who was not willing to pay, because of the fact that he gets a good road.

A. I cited some examples.

MR. YAREMKO, Q.C.: Mr. Hastings set out a case, on page 2, of a person driving from New York to Richmond, and was charged \$10.00. He must have chosen the best way to find the toll road facilities. He

probably had two or three other more direct routes.

THE WITNESS: I am not acquainted with the route he followed. Those are the figures he gave.

BY MR. YAREMKO, Q.C.:

Q. It is possible to travel from New York City to Richmond without going on a toll road at all.

A. You cannot get out of New York City without paying for toll facilities, in one way or another.

MR. AULD: I do not think you could get across the Hudson River.

BY MR. CHILD:

Q. If people want to use them, they will; if not, they will travel on the freeways. It is the same way with liquor. If you want to drink, you will, and if you do not want to drink, you do not have to have it.

A. Right now, I think I would drink it.

BY MR. REAUME:

Q. More important than that, you can get an expensive kind or a cheap kind.

MR. CHILD: I do not know anything about that.

THE WITNESS: That is right.

THE CHAIRMAN: You can get an expensive, or a less expensive kind. That sounds better.

BY MR. CHILD:

Q. Is it not true if you want to use these roads,

you can, and if not, there are freeways available to you.

A. But what a freeway. As you know, the Pennsylvania Turnpike parallels a section of the first trans-continental road, the Lincoln Highway, in Pennsylvania. You drive over it, and you are going up hill and down hill, and meandering all over the place. It is an atrocity; not a decent freeway.

Q. I would say it is about the type of the Queen Elizabeth Way, built with our present revenue; if you want the other kind, you will have to seek other ways of financing.

MR. MacDONALD: I have been impressed with the new idea that those who profit from the use of the roads, rather than those who use them. I do not know who pays for them.

THE CHAIRMAN: It is a new concept, and there are several things which occur to me.

I am trying to think of another classification of taxpayers who have taxes they pay returned to them directly.

MR. AULD: That is not quite the case. If we look at the total expenditure for roads in the province, built by all levels of government, and the sources from which the revenue comes, and you add all the municipal expenditures, counting townships, towns, cities and

villages, I think you will find that of the total expenditures, even on the basis of the differential between income and out-go, of the Department of Highways, in effect, motorists are certainly not paying any more than 75 percent. of the cost of roads, and probably less.

We are speaking at the moment about bridges and highways.

THE WITNESS: I think that is possibly quite right, right now, but there were years during the war when we had virtually a moratorium on road building.

MR. AULD: I think the Chairman has figures, but if I recall correctly, there were three years in the 30's.

MR. CHILD: Consider the Trans-Canada; the motorist is not paying for that, by any stretch of the imagination. It is the general public paying for that, and not a greater proportion than you would suggest for provincial highways.

THE WITNESS: The Federal government is paid 50/50 on the Trans-Canada, and your contribution is very small, just a fraction of the revenue derived from the motorists from excise taxes on new cars alone, quite aside from the sales tax.

BY MR. YAREMKO, Q.C.:

Q. If I had the power to move in the Legislative

Assembly that the excise tax paid in Ontario be used for Ontario, I would not hesitate for a moment to move that. But we have no power to do that.

We are concerned with a problem. We have to assume that the Federal government will collect the excise taxes, and I hope you can persuade them to turn the money over to us, but I do not think you can.

We will have to come up with some sort of an answer to our problem.

A. I think the problem there is primarily "selling" Maurice Duplessis, but I think we have not much chance of doing that.

BY THE CHAIRMAN:

Q. I think it is unrealistic to delay our highway programme, until that happens.

A. I am not suggesting you should, but on the overall, the motorist has been contributing about 75 percent. of the cost of these roads.

Some of these roads are properly charged under some of the subventions.

Q. When you say "the motorist", are you referring to any particular ones?

A. Motorists -- motor vehicles, generally.

Q. I think that should be split up, showing the difference between commercial and private motor vehicles,

because, as Mr. Auld has pointed out, the cost of the registration fee, and the gasoline tax is applicable to each, and applies on the product sold, and it comes out of the consumers, eventually.

A. An increase in automobile registrations should reduce taxes, and should be passed on to lower the cost of living to everybody.

BY MR. ROOT:

Q. I gathered from your presentation, you feel the Federal government should make a larger contribution, but we cannot do anything about that.

Do I take it that you feel if they do not make that contribution, instead of financing toll roads, you would favour the province going into further debt, and letting the future generations pay it off?

A. To the extent I suggested, to solve the problem.

Q. I come from the rural part of the province, and the municipalities are faced with terrific increases in traffic on the county and township systems, and half of it is paid under a direct tax on the farm property, and the little business man, and it requires winter plowing, because a great many people live out in the country, and drive into the larger areas to work, and the municipalities have to provide schools, and build the roads, so they are clamouring for a larger share of the

cost of the roads being paid from some other source.

You say we cannot tap the Federal Treasury, so we have to tap the provincial Treasury if we are going to do anything about it, and provide roads for the people, and we have to undertake that job. How will we find the money? Will it be by toll roads? Shall we toll the superhighways? If we do not, somebody has to go without.

A. We do not want anything of that kind, I assure you. I think your question to me on that score, is purely rhetorical. We are seeking an equitable way of paying for them. I tried to suggest that we perhaps should take a harder look at taxes generally for road purposes, down to the lowest level, if you like, right down to the grass roots.

We are suggesting, too, that the motor vehicle owner and operator, through the present tax system, has been meeting at least 75 percent. of those costs.

Are there any further questions, gentlemen?

MR. AULD: In the presentation Mr. Hastings gave us, he mentioned the Windsor "Daily Star", and the Peterborough "Examiner". I would like, if I may, to read an editorial from the Brockville "Recorder and Times" of October 29th. It says:

"The Windsor Star opposes the prospect of toll

roads in Ontario and takes the position that if the public was fully aware of all the implications of toll roads the public would be in opposition also. We can see merit in the principal objection advanced by the Windsor newspaper against toll roads -- namely, that such roads constitute double taxation, first in gasoline tax and then in tolls additionally. This is quite true, but unfortunately it appears that if this province is to have the type and number of miles of highway desired by the motoring public that double taxation or its equivalent in some other form is necessary to finance the vast costs of creating such a system of highways in such a vast province.

It should be remembered also that the motoring public in most cases would not be compelled to use toll highways. Free alternative roads would be available. The toll highway would be used mainly by that section of the motoring public which considers its time and comfort and safety worth more than the charge made for using the toll road. Those motorists who do not wish to pay the charge would be able to use alternate road systems.

We agree that no one wants double taxation or

wants to pay any charges which are not absolutely necessary. But we ask this question -- where, unless the provincial government resorts to some toll highways or to some policy of gaining more revenue from motorists in some other way, is the government going to get sufficient revenue to finance a highway system which is complicated each and every single year by thousands of additional cars and drivers?

We don't know the answer to that question. If there is an answer, we would like to know about it."

Mr. Hastings has said that a hard look should be taken at the methods of raising revenues. If he, or the Motor League, have any concrete suggestions along those lines, I would like to hear them.

THE WITNESS: No further than I mentioned in regard to extending the charge for your permanent facilities. The land acquisition remains an asset. It is not a wasting asset. For many years to come, the high cost of your interchanges, your overpasses, and your underpasses, will not be wasted. They will continue to serve for many years to come. Therefore, why require that now they be paid on a pay-as-you-go basis?

BY MR. AULD:

Q. In other words, they are capitalized?

A. Yes, to the extent that they are permanent assets.

Also, I suggested that, according to the Royal Commission's report here, the report of the Royal Commission in England, and the information you have before you, that the motorists have been paying 75 percent of the cost of these road facilities.

BY MR. YAREMKO, Q.C.:

Q. If the province were to capitalize those costs of highways over a period of years, would that not impair the credit of the province?

A. It seems to me it would be much sounder to do so, because your tollway is your most expensive way of obtaining road facilities, and in marketing the bonds, you are marketing bonds which are carrying a high rate of interest, and are costly to sell in the first place.

By your capitalization, your financiers would ask for such a guarantee, simply that their risk capital be ensured against being risk.

It is much cheaper, as you know, to sell government bonds and services than it is to sell and service revenue bonds.

BY MR. CHILD:

Q. We were talking about American trucks paying a higher share. Would you not be in favour of a truck

route from Windsor to Buffalo on a toll system, which would accommodate mostly American trucks?

A. To be the most attractive, it would have to be the shortest cut possible.

Q. That is true, and yet any route on the Canadian side -- any reasonable route -- between Sarnia and Windsor and Buffalo, would save 120 miles to the American truckers, and on that basis the induced traffic we would be bringing into that specific area, and, therefore, would it not be feasible to charge a toll, and let the Americans pay it?

A. It is questionable whether it would be.

The Hon. Mr. Doucett told me a year and a half ago that the counts taken on No. 3 Highway indicated that a toll road generally from Windsor to Fort Erie would not be financially feasible.

The Deputy Minister, John Millar, told me exactly the same thing.

MR. REAUME: There is a reason for that.

BY MR. CHILD:

Q. That is quite true, but what we are talking about is not the present traffic, but the induced traffic, when they save 120 miles, plus three or four hours of travelling time.

A. There is some of that induced traffic now, but

up until the time of the completion of the Illinois-Indiana Toll Thruway, to hook up with the Ohio Thruway, the New York Thruway, and the Pennsylvania Turnpike, and I rather imagine with the completion of the north-south toll highway in Michigan, will induce some of that potential traffic about which you are speaking.

Q. Let me put it in another way. If all the trucking companies, ^{which} operate between the midwest and the New England States, which now travel along parallel to Lake Erie and Lake Ontario, -- if they were advised -- and it was indicated to them -- that if there was a toll road between Windsor and Buffalo, it would save them 120-odd miles, and three or four hours travelling time, do you think they would be willing to use it by paying a reasonable toll?

A. I do not think you would find any firm commitment on the factors I have mentioned.

BY MR. REAUME:

Q. One of the reasons was the construction of the road itself. It would not hold that traffic.

A. Yes, I believe that is correct.

BY MR. CHILD:

Q. And our present regulations which prohibit trucks from the American side travelling on our side, is the increased load limits on the American side.

I think if we should increase our load capacity, to that equal to the American legislation, and putting in a toll road, and allowing the American trucks to come over and use it, if they were willing to pay for it, would you still oppose the toll road?

A. I do not like the principle.

Q. I am not speaking of "principle". What I am trying to say is this; if there was a sufficient volume of traffic of American trucks travelling between those two points, to support a toll road, would you still oppose it?

MR. REAUME: He has said he is opposed to toll roads generally.

MR. CHILD: I would like an answer. This will be paid for almost exclusively by American money, from trucks travelling over our roads.

THE WITNESS: That is a very large question.

THE CHAIRMAN: It may be, perhaps.

THE WITNESS: There are too many "if's" in your question.

MR. REAUME: The brief is full of "if's", too.

THE WITNESS: If you give me the data, I will study it, and give you my opinion.

BY MR. YAREMKO, Q.C.:

Q. You are speaking on behalf of the American

motorists, the American Automobile Association is also against the principle of toll roads?

A. Very definitely.

Q. You are not only speaking for the American motorist, but all motorists generally who would travel over the American continent?

A. No, we are speaking today of the Canadian motorists in general.

MR. YAREMKO, Q.C.: We have had a very long session with Mr. Hastings. He has been on his feet a good while, but before he sits down I would like to ask him one question about something which appears on page 12 of his brief, where he is quoting from an article which appears by one of our well-known authorities, in which he said:

"'Don' O'Hearn, whose column 'Queen's Park' appears in a considerable number of Ontario newspapers, about three weeks ago made some charges which, if accurate, provide cause for considerable concern.

"He stated in part:

'When the Committee visited New York and Pennsylvania, for instance, there were no arrangements made to hear the other side of the story. In New York particularly, there

was a very intense fight against tolls and some of the interesting data should have been forthcoming, if the Committee wanted to hear it.

' People are going to start thinking that the Legislative Toll Roads Committee is 'fixed'.'"

I would like to make the comment that Mr. MacDonald and I, during the course of our tour, had many discussions. It was unfortunate it was difficult and we could not get this body of people we thought might be opposed. There was no practical solution in an endeavour to find an answer as to how we could get the other side of the story.

MR. MacDONALD: You speak for yourself, because I have something to say on this specific point.

MR. YAREMKO, Q.C.: You recall we had that discussion, Mr. MacDonald?

MR. MacDONALD: Yes, I recall that. We had several discussions during the course of the trip.

My own thinking is that I knew the Ontario Motor League was going to appear before the Committee, and I knew what the viewpoints of the Motor League were going to be, and I was looking with great interest to having them complete their side of the story. I knew there would be a deputation coming up this afternoon.

I wanted to make that statement generally.

The second paragraph reads:

"The published utterances of your Chairman and some other members of this Committee, the judicial silence of others, may it be added, does them credit, but unfortunately is in striking contrast with the partisanly-prejudiced assertion of still others, some of whom have betrayed appalling ignorance of what is involved, as well as having pre-judged the issue."

That statement appears in the brief presented by Mr. Hastings; it is not a continuation of Mr. O'Hearn's report.

May I say that I have a great deal of regard for Mr. Hastings since I first purchased a car, and became a member of the Ontario Motor League, but I do not think it was quite proper to include in a brief of this kind, words such as "betrayed appalling ignorance of what is involved".

I think each and every member of this Committee, Mr. Hastings, has devoted time and energy, both in their hearings, and in seeking out quietly all the information for and against toll roads.

Whatever the initial opinions may have been, I think, Mr. Chairman, I am grateful to Mr. Hastings, as

a member of this Committee personally, for having brought forward this brief, because I was looking forward to it, and I knew it was going to present the other side of the story.

My only regret was in regard to this paragraph, which I think might well have been left out of the brief.

THE CHAIRMAN: Shall we say that Mr. Hastings is an extremely enthusiastic protagonist, and I think we can pass over the remarks he made.

I, for one, corresponded with Mr. Hastings, and told him we expected to get a very firm position from him, and I think we certainly have.

Now, Mr. MacDonald, do you wish to say a word further?

MR. MacDONALD: I want to say, simply on the other side of the comment by Mr. Yaremko, that as far as I am concerned, the general criticism of the Committee is well taken.

I think most of the publicity he described was in the form of, shall I say, "engineering propaganda", and we have come here as a Committee, I think, to assess both sides of the question. We have been going now for almost a year, and this is the first time I, for one, have heard the other side.

I am not minimizing the difficulty Mr. Yaremko mentioned about finding the other side, but I think this

is a very devastating presentation of the other side, as far as toll roads are concerned, and I think we could well take another look at this reminder, for example, that toll roads cost more to operate, cost more to build, and that capitalization is a very important factor, and that being a very important factor, I think Mr. Hastings' basic point that instead of paying double taxes, and that the only alternative for double taxes is in increased distribution of the increased costs of the highways.

I do not know why we should be so touchy about the engineering propaganda.

My friend from Essex North (Mr. Reaume) came in recently and gave a snap judgment that he was in favour of them. A year ago, he gave a snap judgment that he was opposed to them, and most of the publicity that has come out, has indicated that this Committee has been in favour of toll roads all along.

THE CHAIRMAN: Just one more minute, Mr. MacDonald. We will all have a "crack" at this.

MR. MacDONALD: Even the example quoted from a recent letter by the hon. Minister of Travel and Publicity, (Mr. Cathcart) who said he was:

"Disposed to favour tollways for Ontario, because they would free from congestion our older types

of highways for the benefit of United States motor tourists who would, therefore, come in greater numbers and linger longer in our lush and lovely land."

What flowery language that is. He wanted these people to quietly move throughout the province, and yet he is in favour of toll roads.

I do not think we should be so touchy about the question of engineering toll roads.

MR. REAUME: When this matter first arose in the House, I was under the impression we were going into a scheme of things which might provide one thing for the poor, and another for the rich, and I was also concerned about this business of double taxation.

I think it became obvious -- and I think you so said from the outset, Mr. Chairman -- that anybody who wanted to appear before the Committee, could appear, and the Committee would hear them, and we would hear those who were for toll roads, and those who were against them. There was no holding back on that.

The Windsor "Daily Star" -- which is a very good paper, and authoritative, in an article not long ago, said: "We are opposed to the idea of toll roads -- of course, if there is any other way of doing it".

MR. MacDONALD: Mr. Hastings has suggested

another way.

MR. REAUME: I am speaking now, Mr. MacDonald.

They said they would be in favour of an expansion of highways, and the building of more roads throughout the province, if there was some other means of doing it.

I think it is only about a matter of about a month or so ago, when the hon. Treasurer of the province (Mr. Porter) made the statement that the finances of the province were drained to such an extent that it could not go ahead and build roads as it had hoped to build them.

It is becoming apparent to all people interested in tourist traffic, that the number of American tourists, year after year, is dropping, and it is becoming also apparent, on the other side of the fence, that our people are going in greater numbers to the States, and it has been said -- and I think it is true -- that one of the reasons the American tourists are not coming to Canada -- and I am speaking now more of the province -- is because of the roads.

If we are going to have good roads, I can see nothing wrong at all with the principle that those who are going to use the roads, pay for them, and that applies to the American Automobile Association, or to

anybody else.

If the Windsor "Daily Star" has any rabbits it can pull out of a hat to show us where we can finance a system of proper roads in keeping with the growth and expansion of the province, I want to hear it. But we have not found anybody yet who can give us that information.

That is why I said that I think the sooner we employ an expert to go into the whole thing, and bring us back a report, the better we will all be in the matter.

THE CHAIRMAN: I would like to make a comment about this statement of the "Committee being loaded" so to speak.

We have sent out invitations to every city and every county and farm organization, and every organized group of which we can think in this province, and we have offered full facilities for them to come before us, and we have extended our dates, and shifted our dates around to suit their convenience.

I have asked if any member of the Committee had any organization of which he knew we had not included, which might like to appear.

I control the functions of this Committee, but I do not control the publicity it gets, and I take no responsibility for that publicity.

Are there any other members of this delegation who have anything they would like to add?

THE WITNESS: May I crave your indulgence for a moment further?

THE CHAIRMAN: Certainly, Mr. Hastings.

THE WITNESS: I feel I owe an apology to Mr. Yaremko, and perhaps to two or three other members of the Committee. It may be that the grand old Liberal was intoxicated with his own verbosity, and perhaps my language was not as temperate as it should have been. To my knowledge, I have attached no personalities to what I have said.

I hold in the highest esteem, Mr. Yaremko, and the other members of the Committee. All I know, so far as those comments are concerned, is -- as "Will" Rogers would say -- "what I read in the papers".

Thank you, sir, for the privilege of appearing before you, and I wish to thank each member of this Committee.

MR. REAUME: I can understand how he feels, after reading O'Hearn's column. I do not blame him at all for speaking as he did.

THE CHAIRMAN: It has been a pleasure to have you gentlemen here. Your information has been very informative, and we thank you for the time and effort involved

---The witness retired.

THE CHAIRMAN: We will recess briefly at this time.

---Whereupon a short recess was had.

---Upon resuming.

THE CHAIRMAN: Gentlemen, let us resume. Time is passing, and we have more work to do.

Yesterday, there was a question of rights-of-way and maintenance of these controlled-access highways came up, and Mr. Clarke, the Chief Engineer, and Mr. Jones, and Mr. Robbins in charge of purchases, and Mr. Tackaberry, in charge of maintenance, from the Department of Highways, have been good enough to come over to give us a little information to clarify the problems which have been raised.

Who will speak on this question of "rights-of-way"?

MR. CLARKE: Mr. Robbins will speak on that.

THE CHAIRMAN: Then I would ask Mr. Robbins to come forward, and we will be glad to hear what he has to say.

MR. ROBBINS: The acquisition of right-of-way for controlled access highways is a most difficult problem. It is thoroughly ingrained in the people that roads are built to service land, and at the same

time to take care of transportation. It has been found that if the road is to adequately take care of transportation, it cannot at the same time service land. The average owner is not the least bit interested in selling his land and in many cases objects strenuously. The alignments of controlled-access highways must be of the best, so that it is not possible to avoid severing farms seriously. As there can be no crossings on this type of highway, it becomes necessary to either buy the whole farm or pay very substantial damages to the owner. We have bought many farms and then made a land assembly so as to eliminate the necessity of crossings.

We have many difficult personnel problems to settle. In many cases the owner is old and they must be approached in a very careful and considerate manner.

The Department goes to endless trouble to solve these problems. We try to give ample notice so that people can get re-established before they have to move. Payments for property have been speeded up to a point where we are paying for land in a 90-day period. Our biggest problem in paying for land is getting titles cleared. It is amazing how many properties have a cloud on the title. If at any time the Department has

bought land off a property and paid for it, you can be assured that the title to that property is clear.

It is estimated that the right-of-way from Windsor to Quebec will cost in excess of 15 million dollars. On this road, there will be about 500 road closings, with an estimated compensation to claimants of 8 million dollars.

It would appear from the experience in the States that land values go up as soon as a revenue-producing road is built through the area. The Hon. Mr. Dewey, recent Governor of New York State, made the statement that the New York Thruway had given a tremendous "shot in the arm" to the industrial development of upper New York State. He pointed out that in one municipality some \$2,000,000 of assessment had been destroyed due to the construction of the Thruway, but that since the Thruway had been opened there was a \$12,000,000 increase in the assessment of that municipality.

The administrative problem surrounding a controlled-access highway is extremely difficult. As soon as a highway of this type goes through, development starts. In a Democracy, it is quite in order for anyone to make a dollar in a legitimate manner, therefore our heavily travelled roads are very attractive to those

who wish to pick a profit from the travelling public. Motels, gas stations, restaurants, some forms of industry and subdivisions are constantly trying to encroach, or get too close to these controlled-access highways. With these types of developments taking place, it is not long before the road loses its capacity and becomes, in effect, a crowded city street.

The investments in controlled-access highways are large. In rural areas the cost per mile will, it is estimated, be \$500,000, while in the urban areas the cost can very easily exceed \$1,000,000. Most express highways in the States run to much higher figures. It would seem reasonable that every effort should be made to protect this investment from encroachments.

Let me quote an extract from a recent issue of the *Colliers Magazine*:

"We in America are strangling on our prosperity. Our country is approaching an age and level of development where the problems that face us are of a kind no other civilization has ever known before. We confront an entirely new order of anxieties -- and amongst the foremost of these is the problem of the automobile on our streets and highways. For it is the automobile, as much as any other single phenomenon, that sets our way of life apart from the

rest of the world. Everywhere else, common people have always been separated from their betters by the simple distinction of whether they walked or rode. In times past, people who rode were 'cavaliers', hence aristocrats. In America today, every man is a cavalier.

Seventy million Americans -- so says American Automobile Association -- take their annual vacation in the family car. Every year their appetite and their range of travel broadens so that, today, it is difficult to remember or recognize how fresh and novel even in our own country this reoluntionary impulse is.

It was only yesterday -- in 1911, the year that Dwight D. Eisenhower entered West Point -- that a commercial automobile first managed the road trip from Coast to Coast. The expedition from Denver to Los Angeles alone took 66 days; tomorrow, if Dwight D. Eisenhower's road program becomes fact, the same trip will be little more than a week-end run."

MR. ROOT: Can you tell us the average cost of building a highway? You think you mentioned \$5,000 a mile?

MR. ROBBINS: That was an estimate.

MR. ROOT: Those are controlled-access roads?

MR. ROBBINS: Yes.

MR. ROOT: What about the ordinary access highways? How do they compare?

MR. ROBBINS: The rights-of-way are widened. You have two roads. You have the overpasses, and the underpasses.

I think Mr. Clarke can speak with more authority as to the cost of those types of road than I can.

MR. CLARKE: Are you referring to the two-lane highway?

MR. ROOT: Yes.

MR. CLARKE: In actual cost, a road like No. 2, paved and complete, exclusive of property, would be in the neighborhood of \$100,000 or \$125,000 per mile.

Property, which is usually widened on a road like that, would not be a serious factor.

MR. ROOT: Is that an average cost, of both rural and urban roads?

MR. CLARKE: It would be higher in the built-up area, and the property, too.

MR. ROOT: For instance, the cost of the road, such as No. 24, from Guelph to Erin, would be \$125,000 per mile?

MR. CLARKE: That is about the average. That is

paved.

MR. REAUME: I suppose also in connection with the acquisition of the property, it has become a part of the actual cost of the highway?

I never heard of such a thing before, but somebody -- I do not know who it was -- mentioned it, the taking of the land upon which the highway is built, and spreading it all over.

You do not do that with any kind of a project, so I assume the policy of the Department has always been that the cost of the acquisition of the property is part of the cost of building the highway?

MR. CLARKE: That is true.

MR. AULD: Mr. Robbins mentioned something about "land assembly". Is that where you take a portion of land, and then make, say, four farms on each side of the road?

MR. ROBBINS: Yes.

THE CHAIRMAN: Has that policy been very successful?

MR. ROBBINS: Yes.

THE CHAIRMAN: That was the feeling in London.

MR. REAUME: I think at first the policy was that you split it in half, in some cases?

MR. ROBBINS: Yes, we did, but we are now buying

more and more of the whole farm.

If a man has, say, 100 acres, and we take 10 or 20 acres out of that, it upsets his operations.

MR. REAUME: Yes, because half will be on one side, and the other half on the other, and he may have to go a mile or more to get from one side to the other.

THE CHAIRMAN: I think Mr. Robbins' statement has cleared up the question which was in the minds of the Committee.

Is there anything else anybody would like to ask Mr. Robbins?

MR. ROOT: For the record, it comes down to the fact that a controlled-access highway costs seven or eight times as much to build as an ordinary access highway?

MR. REAUME: That is, the whole figure?

THE CHAIRMAN: Yes. Could you give us a figure, Mr. Clarke?

MR. CLARKE: On the controlled-access highway, it would run about \$600,000 or \$700,000 per mile. We have built some which ran higher than that.

THE CHAIRMAN: Do you think an average of between \$500,000 and \$700,000 per mile would be large enough to cover overpasses, underpasses and so on?

MR. CLARKE: Yes.

For instance, on Highway No. 401, the by-pass; there is a structure every mile which would cost in the neighbourhood of \$700,000 or \$800,000.

On a by-pass, with a less number of structures

per mile, the cost would be cheaper.

MR. AULD: The structures are an important part of the cost.

MR. CLARKE: Yes.

MR. MACKENZIE: My idea this afternoon, from the brief, was that they were suggesting these structures would be the most expensive part of the controlled-access highways. Is that correct?

I am thinking of highway No. 27 down at the lower end.

MR. CLARKE: Yes, I would say so.

MR. MACKENZIE: A great number of these underpasses and overpasses are really the expensive part of these roads?

We could build a controlled-access highway for about half the cost if it was not for these expensive overpasses and underpasses.

MR. CLARKE: You could still build four-lane highways. For instance, the intersection of highways No. 5 and 27, including the overpasses and culverts, still leave us four miles of road to construct which composes the legs which makes this thing work.

MR. MACKENZIE: It was very expensive?

MR. CLARKE: Yes.

MR. MACKENZIE: And that brings the cost of the highways up?

MR. CLARKE: Yes.

MR. MacDONALD: What did the intersection cost, just as a matter of curiosity?

MR. CLARKE: As you know, there were about $2\frac{1}{2}$ miles built, and I think the total cost of that was close to two million dollars. That is a rough figure, but I think it is about right, for the total mileage from highway No. 5 to the Queen Elizabeth Way, which is about $2\frac{1}{2}$ miles.

The cost of the culvert and the structures would be about \$200,000, and then about \$150,000 for the legs.

MR. AULD: Mr. Clarke, what would be the cost of the structure itself, and the paving itself, not the grading?

This was brought up this afternoon. Does not the right-of-way have a longer life than the pavement on the roadway?

MR. CLARKE: You can deduct from those figures approximately \$25,000 per mile for paving.

MR. AULD: What would be the life of the average fly-over, or the bridge part of the culvert?

MR. CLARKE: The structure itself?

MR. AULD: Yes.

MR. CLARKE: Upwards of 40 years; maybe 50 years.

They become obsolete only when the load is increased, or they are not wide enough or long enough.

MR. AULD: The wear and tear and fatigue is negligible?

MR. CLARKE: If we do not increase our axle load to a point for which the project was not designed. Then they will last quite a long time, 40 or 50 years.

THE CHAIRMAN: That is a question in which we are interested in general, that is, the question of maintenance.

Thank you, Mr. Robbins and Mr. Clarke.

MR. CLARKE: I think I was supposed to speak on "maintenance". I did not bring any brief, because I was asked to tell you about the cost.

The average cost of a partially-controlled access highway, such as the Queen Elizabeth Way and highway No. 401, as our figures show, is between \$5,000 and \$6,000 per mile. That includes the winter maintenance as well as the summer. The winter maintenance of that road -- 401 -- is a very expensive proposition. It almost equals one-half the total cost.

We keep the roads bare all the time. They are plowed, and they are the most economical roads in Canada in the winter time, because you have more traffic and collect more revenue.

If we were to add, as an example, 100 miles of controlled-access highway tomorrow to the roads' system, it would mean half a million dollars at least in ordinary expenditures for the maintenance of the road.

THE CHAIRMAN: Annually?

MR. CLARKE: Yes.

MR. ROOT: What would be the maintenance costs of an ordinary access highway?

MR. CLARKE: It depends on the traffic. It would run, on a road like you speak of, to about \$1,500, but on a road like No. 2 between here and Kingston, it would possibly be \$2,500 a mile.

MR. MacDONALD: What would the maintenance costs be for a road like No. 11 up north, between Kapuskasing and Long Lac, for example, or from Cochrane through to the head of the lakes?

MR. CLARKE: I would say that should not run over from \$1,000 to \$1,200 a mile for maintenance.

MR. MacDONALD: And I suppose most of that would be for winter maintenance?

MR. CLARKE: No. The spring time is a very expensive time. Of course, we have a serious snow problem this winter.

MR. MacDONALD: I think the roads up there

are in a better condition than on the outskirts of Toronto in winter time, where the roads are not covered with snow.

MR. CLARKE: I am glad to hear you say that. I think it is fair to say that in the winter time, at least, Ontario certainly maintains its roads better than any other place on the continent.

We have had people tell us after coming back from the States, what a relief it is to get on our own roads' system.

MR. AULD: The same thing holds true coming from the east, too.

MR. REAUME: It depends on what road they happen to be on.

MR. CLARKE: Of course, we use a little judgment in maintaining roads. We realize that certain roads are important. Industrial relations must be maintained, and public relations must be maintained. We classify the roads. We only sand them on the curves, for example.

In the northern part of the province, where we may have only 100 vehicles per day, we would not keep them open as far as plowing is concerned, but we certainly would sand them.

MR. REAUME: I have one in mind about which I

will call into your office one of these days, which is up in our area.

MR. ROOT: We had a case in Wellington County where a party sued the county for not sanding the roads.

MR. CLARKE: Our attitude twoards sanding in the past -- which has been accepted by high authority -- is this; that sanding is an extra courtesy which we afford the people. It has been something which now we can never go back on. We are doing a better job every year.

The only time this comes up is when somebody becomes entangled in a local accident case, does he become aware that within a traffic radius of five miles from the time he starts out until he gets back again, some ice forms, but it seems we have led the motorists to believe that everything is fine ahead for five miles and he gets into difficulty, although, as far as I know, we never had had to recognize a claim of that kind.

The average motorist does not seem to realize the amount of work which goes into sanding these roads.

In the Toronto area alone, there are 700 miles of main roads upon which people have to get to work. It is tremendous loss if a person is a half-hour late for work. We just cannot have all these roads sanded

like that (snapping the fingers). It requires an educational programme and Mr. Tackaberry has suggested we try to make them believe that extraordinary precautions should be taken in the winter time. At times, it is necessary to wait until our operators get to work.

Railway crossings, for instance, are very serious things in the winter time, in regard to the actual trucking done on the crossing, and they would like to have it as it is in regard to summer maintenance, where we have such things as road-side maintenance, that is, cutting the grass, shoulder maintenance, and so on. We have safety devices such as signs, guard rails and electric lights.

Repairs to the approaches to culverts do give us quite a problem, but not on the divided highways, as they are now in our existing roads' system.

Pavement patching and zone painting are big items. Forestry and seeding comes into the picture because we do a lot of cultivating and a lot of forestry work, planting, and so forth.

And equipment rental is a big item. That comprises, I think, the summer maintenance.

The winter maintenance is broken down into sanding and plowing.

Actually, on the Queen Elizabeth Way, we have

used in the last year 8,200 tons of sand, and 494 tons of salt. On highway No. 400, we have used 13,800 tons of sand, and 1,100 tons of salt.

So the further we go north the more expensive it is for all kinds of roads.

Each year we have difficulty in impressing our treasurer as to why we need more money for maintenance. We are raising the standards and making the roads safer, and we are adding each year a large mileage to the roads' system.

MR. ROOT: That is why I asked the question about this local judgment. If I remember rightly, the judge awarded damages to the people who were hurt. Whether that judgment was appealed or not, I do not know.

MR. CLARKE: That is a legal point upon which I am not prepared to pass an opinion, but I would say that, generally speaking, our attitude towards sanding is that we are doing the very best we can and trying not to commit any act of negligence which usually is the basis for a lawsuit.

MR. MacDONALD: I have only one small criticism of the maintenance in Northern Ontario. In the spring time, the road becomes rough, and we see signs reading "frost ahead". I have never been quite

sure whether that was a political comment or a road instruction.

MR. YAREMKO, Q.C.: On a toll road, there would be more expense for maintenance in the winter time than on an ordinary highway, because the users are paying a toll.

I noticed when coming over the Grand Island Bridge, I was going through a snow storm, and I was thankful to see -- when it had snowed about three inches -- that I was passing a truck going over the bridge putting on sand, or salt, or whatever it was. However, I was expecting that truck to be there because it was a toll road, and I expected to have everything in order on the highway, and to be safely carried across that bridge.

MR. REAUME: When was that?

MR. YAREMKO, Q.C.: Sunday night.

MR. REAUME: I thought possibly it was when Mr. Hepburn was in power.

MR. YAREMKO, Q.C.: I expected that truck, because I expected the highway would be absolutely clear, heaving paid my toll.

I imagine the toll charge is scaled to include that type of maintenance.

MR. CLARKE: Of course, in the winter time,

the maintenance men can only do certain things. They cannot combat unusual conditions, such as snow drifting, and many times when a snow storm comes along, our operators cannot even see, and it is unsafe to operate particularly if it is a blinding snow storm.

MR. REAUME: What do you find, in the over-all picture, to be the most expensive, sand or salt on the highways?

MR. CLARKE: I would say in the southern part of Ontario that sanding is the most expensive. In the north, it is the snow plowing.

MR. REAUME: We have an old salt mine up there, where you can buy it very cheaply.

MR. MacDONALD: Can you separate the total?

MR. CLARKE: Yes.

MR. MacDONALD: What is it -- just out of curiosity?

MR. CLARKE: I have not it broken down that way.

On Highway No. 400, the total cost of snow plowing was \$184,000 for the 60 miles. That would be about \$3,000 a mile.

In the case of Highway 400, that comprises about 50 percent. of the cost of maintenance.

MR. ROOT: Talking about sand; there was a statement made in the other brief regarding the safety

factors on a controlled-access highway. They tried to establish they were not as safe as an ordinary access highway. That is different from what Mr. Clarke said.

What is your experience, Mr. Clarke?

MR. CLARKE: You mean in the way of maintaining them in the winter, or generally?

MR. ROOT: Maintaining them in the winter.

MR. CLARKE: I think on a fully-controlled-access highway, the accident rate would be very low.

MR. MACNEE: It is almost negligible. Actually on controlled-access highway No. 400, there was a lower accident rate than on the toll roads. If I recall, the accident rate on highway 400 is as low as 1.4, as compared with the province-wide average which is around 5.3.

Very few of the toll roads get below 2.

THE CHAIRMAN: I think there is a little confusion there. One man is quoting toll roads, and another is quoting the accident rate. If you are not careful, you really do not know what you are talking about.

MR. AULD: I wonder if Mr. Macnee would tell us what he told me yesterday when we were discussing this. Should it include the municipal, or the province-wide accident rate?

MR. MACNEE: The province-wide rate is based on gasoline consumption. They know all the automobiles in the province, and from that they were able to develop the average miles per gallon for the whole province, and can come up with the total amount of travel, and the average number of accidents.

MR. AULD: That includes everything?

MR. MACNEE: Yes, city streets and township roads. Our own rates are based on traffic counts. We think they are a little more accurate because there is a possibility that a lot of gasoline is sold for, we will say, outboard motors, and the purchasers do not bother getting the tax refunds, and what not, so it is conceivable that a provincial road cannot be compared too closely with roads as we have developed them.

On the province's King's Highways, the rate is around 3.3 accidents per one million vehicle miles. The province-wide rate is in excess of 5. -- about 5.3, and I would say that our controlled-access highways are below 2., which substantiates the fact that a majority of our accidents do happen in urban areas, where you do not have as much travel, and there are much shorter trips.

MR. CLARKE: I think, too, that you could have -- for instance, on this stretch of road about which

we are speaking as having the lowest accident rate -- you might have more accidents than on another road, but it does not indicate, just because you have a large number of accidents that you have to compare the vehicle miles travelled.

For instance, on the Queen Elizabeth Way, I have been told there are a lot of fatal accidents, but that does not compare with some other two-lane roads.

MR. MacDONALD: You might find the fact that the Queen Elizabeth Way had more accidents on it during the Labour Day week-end than the Trans-Canada in the whole year. . .

MR. MACNEE: The Queen Elizabeth Way has approximately six times as many accidents as a lesser highway ending up with the same accident rate.

MR. ROOT: What is the difference between the five miles of No. 27 Highway which are controlled, and the next five miles?

MR. MACNEE: The accident rate is over twice as high where it is not controlled than where it is controlled.

MR. AULD: That is getting back to the statement that you can prove anything by statistics.

MR. MACNEE: That is why we do not place too much importance on fatal accidents, because there are a

relatively small number of fatalities, and if you take a section of a road about two miles long, there may be 300 million miles of vehicle travel, and if you have three fatal accidents, you wind up with an enormous fatality rate.

MR. AULD: For instance, the one on No. 2 highway, where a bus went into the ditch.

MR. MACNEE: That was only one fatal accident, because there was one bus, but there were some fifteen or more people killed, and that sent up the fatal-accident rate, which was actually almost astronomical. But they have had none since. That one figure was terrifying, but that was when it was taken by itself.

MR. ROOT: There was quite an elaborate statement in the Globe and Mail about the proposed extension of the highway system, which was different than what had been presented to this Committee.

Was that based on facts, or on the statements by some witnesses?

MR. CLARKE: Are you asking me?

THE CHAIRMAN: I think Mr. Root is asking anybody who can answer it.

MR. CLARKE: I cannot answer it.

THE CHAIRMAN: I have no idea where the map came from.

MR. MACNEE: All I can say is it did not come from our office.

MR. CLARKE: And most certainly it did not come from mine.

THE CHAIRMAN: It was the Globe and Mail prognosticating what is to come.

Thank you, gentlemen; we will not keep you any longer. I have another small item of business before we break up today.

On behalf of the Committee, I wish to thank you gentlemen for coming over and seeing us.

---The delegation from the Department of Highways retired.

THE CHAIRMAN: I have here a letter from the Canadian Industrial Traffic League, which reads as follows:

"Mr. D. J. Collins, Secretary,
Select Committee on Toll Roads,
Room 285, Parliament Buildings,
Toronto, Ontario.

Dear Sir:

Subject: Toll Roads and Toll Charges

The Ontario Division of The Canadian Industrial Traffic League, Inc., is part of the national organization of industrial and commercial traffic

managers. Our membership in this Division is composed of 468 members who in the course of their daily work are engaged in the task of securing for their Companies transportation services which are safe, adequate and economic.

The view expressed herein is an attempt to bring to your Committee the opinion of those who directly pay the freight and transportation charges on commodities and services handled over our public highways. It should be pointed out that nothing contained in the view expressed herein concerning Toll Roads and/or Toll Charges shall be deemed to abridge in any way the right of any member of The League to make submissions elaborating hereon or differing herefrom.

It is the considered opinion of the Ontario Division of The Canadian Industrial Traffic League, Inc., that we are opposed to the installation of Toll Roads and the proposed additional mode of taxation, namely, Toll Charges, to provide adequate revenue for their capital outlay and maintenance.

Yours very truly,

(signed) 'K. L. Braidwood,' Chairman
Highway Committee,
Ontario Division,
The Canadian Industrial
Traffic League, Inc."

The submission is as follows:

"The opposition of the Ontario Division, C.I.T.L., to the establishment of Toll Roads in Ontario is based on the following principles:

1. That every individual, provided he complies with the prevailing laws, is entitled to free access to any public road and highway.
2. The need for better roads and highways, especially arterial roads in densely populated urban areas, is acknowledged. The financial problem involved admittedly is not an easy one.
3. The financing of public roads and highways by means of the imposition of tolls is not accepted as the solution to raising the necessary funds for financing the construction and/or maintenance of public roads and highways.
4. Toll Roads and Highways may -
 - (a) result in discrimination between those able to pay and those unable to pay.
 - (b) place an extra financial burden upon certain parts of the Province.
 - (c) the establishment of a Toll Road or Highway administrative authority may add to the overhead cost and add to the financial burden of the highway user.

5. The pattern and quality of present public roads and highways is such that the imposition of a Toll on an existing public road or highway may not leave either
 - (a) a convenient and adequate 'free' public road or highway and/or
 - (b) properly maintained 'free' public road or highway.
6. The present mode of taxation to yield revenue for the construction and maintenance of public roads and highways is the vehicle tax plus the gas tax. We believe the imposition of a toll charge would result in an additional mode of taxation. We think that other means than the imposition of tolls should be used to finance the construction and maintenance of public roads and highways."

THE CHAIRMAN: My own comment is that, in my opinion, that is purely destructive criticism; in other words, they say, "do not do it that way", but they are not submitting any ideas as to how it can be done otherwise.

They apparently are against the toll roads, but they admit the financing problem is not an easy one, but they advance no alternative method of doing it.

However, that is up to them.

MR. MacDONALD: It is presented even more ably in an earlier brief, which we had this afternoon.

THE CHAIRMAN: This is from the Canadian Industrial Traffic League which is, as I understand it, made up of the Traffic Managers of the various companies, that is, the men who route the shipments over the highways, decide which companies will be used, and that sort of thing.

Then there is a letter from the Sun Oil Company which was to have appeared before us. It reads:

Mr. D. J. Collins, Secretary,
Select Committee on Toll Roads,
Room 285, Parliament Buildings,
Toronto, Ontario.

Dear Mr. Collins:

We appreciate very much the courtesies extended to the writer at today's meeting and in reply to your letter to Mr. J. J. Schafer, our Managing Director, we confirm, that after our discussion, we feel it will not be necessary for us to attend the meeting with the Committee at 3:30 p.m., Tuesday, January 10, 1956.

We also confirm that we are arranging to secure 20 copies of each of the attached pamphlets dealing with the toll road question, by Mr. Frank R. Markley,

Vice President in charge of Marketing, and Mr. Willard W. Wright, General Sales Manager, of our company. It is understood that as soon as these pamphlets are received, we shall see that they are delivered to you personally so that they may be distributed to members of the Committee, for study.

Yours very truly,

(signed) 'E. D. Lorimer'
District Manager."

There is this little preamble (indicating) which will be distributed to all the members of the Committee in due course. It has to do with the selling of gasoline on toll road facilities. I do not think there is any point in dealing with it now.

MR. AULD: That is more of an administrative problem with the toll road Authorities.

MR. COLLINS (Secretary): They are urging more planning for highways, and giving their views on highway needs for the future. They support the idea of tolls as a way of reaching their advanced planning.

Tomorrow morning, the Canadian Oil Company and the Shell Oil Company will be before us.

The Canadian Manufacturers Association have

confirmed their appointment for eleven o'clock.

The British American Oil Company will appear at twelve o'clock.

In the afternoon, the Canadian Railway Association.

I have not had a confirmation from Mr. George MacMillan, but he has given additional copies of his brief, and no doubt will appear before the Committee.

THE CHAIRMAN: I do not think these will take the time allotted for hearing them, and we may have the opportunity of discussing where we are going from here.

Tomorrow morning, we will wind up this series of hearings, and will probably have no others.

MR. MacDONALD: I am intrigued by the Canadian Electrical Manufacturers Association. Are they going to wire our roads for sound, or what is it?

MR. REAUME: Overhead lighting, perhaps.

MR. YAREMKO, Q.C.: They may be able to throw some light on the subject.

THE CHAIRMAN: This meeting is adjourned.

---Whereupon at 5:05 p.m., the further proceedings of this Committee adjourned until Wednesday, January 12th, 1956, at 10:00 o'clock in the forenoon.

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